Qisda

Corporate
Sustainability
Report **2022**

Contents

Note: Material topics concerned by stakeholders are marked with the following icons.

● Creativity ● Transformation ● Productivity ● Leadership ● Sustainability

About the Report

The information disclosure of this report focuses on the sustainability issues, management strategies, targets, current status and future directions. In order to enhance the responses to the topics the stakeholders are concerned about, Qisda has specifically devised a corporate sustainability website on which our achievements through efforts in different CSR aspects of the most recent year are presented in summary. Furthermore, we have responded to climate change and trends in the industry to contribute to CSR and exert positive influence together. The previously published corporate sustainability reports are available for all to download or search for at:

Qisda website
https://www.qisda.com/tw

Qisda ESG
esg.qisda.com

This icon means that a link to relevant external information is given.

This icon means that a link to relevant information in the report is given.

About the Cover
Facing the trend of net zero around the world, Qisda supports carbon reduction and is committed to reducing carbon and create common good together. We not only strive for carbon reduction ourselves, but also lead small enterprises and share our experience in carbon reduction with the companies in the Group as well as the suppliers. Qisda takes care of both sustainable development and corporate sustainability by joint carbon reduction, and moves toward the goal of net zero to exert our influence on the society.

Release Date & Reporting Period
This report is published in June 2023. Since the publication of Qisda's first "Corporate Sustainability Report" in 2007, the Company has been disclosing information and publishing the report in June every year. The next report is expected to be published in June 2024.

Report Scope & Boundary
Geographic scope*: This includes the headquarters of Qisda – Taiwan, and the main manufacturing sites – Suzhou (China) and Vietnam. Besides, the report has additionally encompassed the CSR-related matters of the subsidiaries**since 2018; the relevant information has been disclosed in About Us and the Partners

Time scope: January 1, 2022 to December 31, 2022.

Data Collection & Calculation
The data of 2022 has been collected based on the aforementioned scope of report; the calculation formulas of the indicators and data have been detailed in the notes of the chapters.

Report Management Unit
This Report is managed by the Company's sustainability unit .

Internal Management Process
The compilation and preparation of the contents relevant to this report were established, planned and promoted by the Company's sustainability unit. This report was also internally audited by related personnel to make sure of the consistency, completeness and accuracy of data; when any omissions were found, the data was returned for the head of each department to complement and confirm the information. At the final stage, this report was approved and disclosed by ESG Committee members.

External Verification Process
For external verification, we commissioned the independent third-party verification company, Bureau Veritas Certification (Taiwan) (BVC), to verify the report so that the GRI Standards (comprehensive) and the standards of AA 1000 AS V3 High Assurance Type II are conformed with. Through the internal and external audit mechanisms, the quality of information disclosure has been ensured. In addition, the disclosure of the report also corresponds to the domestic and international standards such as "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies," "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," guidance on social responsibility (ISO 26000), UN Sustainable Development Goals (SDGs) and SASB framework.

International standards including ISO 9001/27001/14001/45001/14064-1/50001/14004/62430 and SA8000 have been verified.

Feedback & Contact Information
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* Including the companies listed in the financial statements: Qisda Corporation and the subsidiaries listed in the consolidated financial statements, such as Qisda (Suzhou) Co. Ltd. (QCSZ), Qisda Electronics (Suzhou) Co. Ltd. (QCES), Qisda Optronics (Suzhou) Co. Ltd. (QCOS), Qisda Precision Industry (Suzhou) Co. Ltd. (QCPS), and Qisda Vietnam Co. Ltd. (QVH). For the other companies not listed, please refer to the annual report. In light of the materiality and completeness of disclosed information, the data of certain chapters or performance indicators include overall global data. The data that do not completely cover the Taiwan Plant, Suzhou Plant and Vietnam Plant are described in the notes of respective chapter. Address of the headquarters: No. 157, Shanying Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)

** Name of subsidiaries listed in the consolidated financial statements: The Company's consolidated subsidiaries and listed subsidiaries, BenQ Materials Corp., BenQ Medical Technology Corp., Partner Tech Corp., DFI Inc., Data Image Corp., SYSAGE Technology Co., Ltd., Topview Optronics Corp., Simula Technology Inc., Alpha Networks Inc. and their consolidated subsidiaries. Please refer to the annual report for all the consolidated subsidiaries. Some of the entities included in the consolidated financial statements are not covered within the scope of the ESG report; in this case, notes will be given in the sections.

Performance Highlights 2022

G (Corporate Governance)
Creativity, Leadership

57
essential patents

96
Average customer satisfaction reached

73.8%
Implemented local procurement at

6~20%
Corporate Governance Evaluation

NO.2
LCD display shipment volume

NO.2
Digital light processing (DLP) Projector shipment volume

6%
Consolidated revenue increased by 6% a year, setting a new record

20%
Hold a supplier conference and promise to reduce suppliers' carbon emissions by 2030

E (Environment)
Transformation

We join
RE100

42.32%
Energy-saving

38.95%
Waste reduction

45.47%
Reduce carbon emissions

0
No cases of released chemicals and environmental law violations

90%
Recyclable waste proportion reached

S (Social)
Productivity

0
chemical leakage

10%
our energy consumption is sourced from renewable energy

4.6
Employee engagement scored 4.6 out of 6.

30.3 hr
Average employee training hours
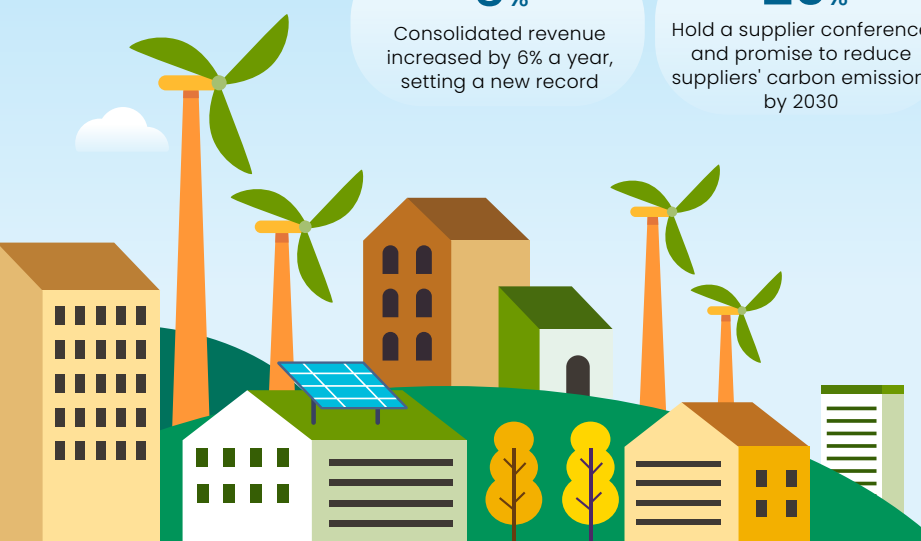
100%
completion rate for the Code of Conduct training

Green Factory certification

A total of **28** million work hours without occupational accidents in our Taiwan facility.

97%
Monitoring supplier social responsibility

Message from the Chairman

Thanks to the effort of all employees, Qisda's revenue of 2022 reached NT$239.829 billion and showed an annual increase of 6.1%, which was a record high over the years. Due to our early deployment in highly value-added new businesses, the revenue of both network communication and smart solutions businesses exceeded NT$30 billion, and the revenue of the medical business also surpassed NT$20 billion. With the operation scale expanding, the phased goal of "getting more than 50% revenue from highly value-added businesses (medical business, solutions and others) in 2022" was officially achieved. Moreover, Qisda has officially started to march toward the vision and goal for the next 5 years "having more than 50% profitability of highly value-added business in 2027."

We have gained weight and grown strong; now, it is time to start "building muscles." Qisda will continue to play the role of the resource platform for the alliance and leads the transformed new business in delivering a business synergy and increasing profitability.

However, the inflation, war, pandemic, rate hike, and purchases in the market in wider external circumstances continue to bring operational challenges, to which we respond very carefully. Starting from last year, Qisda has implemented strategies for tough periods, such as streamlining, in-depth cultivation, foundation consolidation, and sowing the seeds for new businesses. We have promoted the lean project to integrate the Group's business units which resources highly overlap; consolidated and disposed unnecessary assets; enhanced mergers and acquisitions to provide the customers with services in a wider product line; arranged and assembled highly value-added businesses again to improve the operating efficiency and facilitate "having more than 50% profitability of highly value-added business." Thanks to our preparations for these tough periods in advance, the new business was able to rise significantly last year, establishing the developing momentum in the future.

In addition to operation, the BenQ Qisda Group spares no effort in participation in ESG. We have actively set goals and striven to implement ESG. In December 2022, we officially announced our participation in RE100 and made a commitment to achieving the goal of reducing carbon by 20% in the supply chain before 2030, using renewable energy comprehensively by 2040, and reaching net zero emissions by 2050. The Group's alliance leads small companies and invites suppliers to join us in creating common good together and exerting power that is 100 times bigger than the status quo. Currently, net zero emissions are the common understanding internationally. Hence, whether ESG can be implemented will affect the Company's existence and development in the future. We ask every employee to actively assist in the Company's ESG goals in his/her work area in order to make the Earth's environment better.

With "having more than 50% profitability of highly value-added business in 2027" as the new vision, Qisda has started a 5-year plan to improve our performance and further increase profitability in the hope of implementing value transformation. This indicates a clear direction for the Group's future. Qisda is not only one of the leading companies of the world in LCD displays and projectors, but continues to increase our influence in the industry by investing resources in the medical business, AIoT and the network communication industry. We have been recognized and received the Best Companies to Work for in Asia for four consecutive years, and also been selected as one of the Taiwan Top-100 Best Sustainability Enterprise. These mainly result from the collaboration of all employees and the upstream and downstream partners. Facing challenges in the future, let us build resilience and make agile responses together. We will further lead the partners in the alliance to innovate and break through, sailing toward the sea of sustainability.

Message from the President

Corporate sustainable development is one of Qisda's core value. We are aware that only through SDGs can we protect the Earth's environment, continuously improve employee welfare, and create economical value for the Company.

On December 21, 2022, the Qisda Group officially announced that we will become a member of RE100. We are the first Taiwanese technology group of computer peripherals that joins RE100, and we have made a commitment to using renewable energy comprehensively by 2040. In addition, the Company announces the goal of reaching net zero by 2050. We actively collaborate with the alliance as well as supply partners to reduce carbon and support the carbon reduction advocacy. By doing so, we show our actions on sustainability to be in line with international standards.

In the ESG report, we disclosed the Company's ESG plans and results in different aspects. This includes green design of products for carbon emission reduction, improvement of supply chain transparency for labor rights protection, sustainable supply chain for environmental protection, and green operation management methods for waste reduction. Our goal is to realize zero pollution, zero waste and zero emission. Many measures have currently been adopted. For example, the Company has used eco-friendly raw materials and green energy during the production process, and conducted training plans to improve employees' behaviors and awareness. These measures not only benefit the Company, but also facilitates the healthy development of our customers, communities, suppliers and the global environment.

Qisda will continue to promote more ESG plans and commit to taking actions to protect the Earth. The scope of factors affecting ESG can be wide. In addition to the amount of carbon emissions, production capacity and efficiency is also a material issue. There are many aspects in the technology area that are worth discussing. By actively participating in the alliance's advocacy, we increase the influence of ESG and allow Taiwanese enterprises to move toward the international market. We believe that these plans can not only facilitate the realization of the Company's goals, but will also have a positive impact on our customers, employees and suppliers.

The Company only accounts for 1% of the carbon footprint in manufacturing; the others come from suppliers and users. This shows the importance of reducing carbon with upstream and downstream partners. In addition to setting the goal of RE100 at 2040, which is earlier than the industry, we also explicitly establish goals of carbon reduction for suppliers by 2030. What Qisda really wants is to take actions with everyone, and only in this way can the performance of sustainability improve.

Corporate operation is like a relay race. Currently, Qisda's new businesses have reached a certain size, and the revenue of the highly value-added business has reached NT$100 billion. Next, we will march toward the goals "value expansion" and "efficiency improvement" to increase the overall profitability. Qisda will expand high profit products and dedicate itself to products and services with a gross margin of more than 20%. New business with market potential and in which Qisda has competitive advantages will be deployed, and "value expansion" will be accelerated through strategic investments. For "efficiency improvement," we will continue the strategies used in last year, such as lean and focused operations and operational optimization, to improve the overall business performance. In addition, we will speed up the deployment of a supply chain in mainland China, charging forward on Qisda's road of value transformation.

"Facilitating common good together" is an important concept. We hope that everyone can collaborate with and support one another, and further bring sustainability to Qisda with the common sustainability goal.

Together, let us "facilitate common good for sustainability in Qisda," make greater accomplishments, and create a better future.

Qisda Corporation

⟩ Introduction to Qisda

Qisda Corporation (formerly named BenQ Corp.) was founded in 1984, with the headquarters established in Taoyuan, Taiwan. As a global technology group that has an operational scope covering ICT industry, medical business, smart solutions, and 5G network communication business, Qisda not only provides the customers with quality innovative products and services that meet the market demand, but also looks forward to improving human life through technology and achieving the goal of "Bringing Enjoyment 'N Quality to Life."

Qisda is engaged in the R&D of electronic products, such as consumer electronics and products applicable for commercial and industrial use in professional fields. The products and technology fields include the following: high-end and professional displays, such as the displays for gaming, drawing, radio and television, medical use and security control; precision optics electronic products, such as projector, security monitoring system and on-board products; industrial/commercial computers and peripheral equipment, such as POS printer, and barcode scanner. The product lines and technologies of the Company cover LCD displays, professional displays, and electronic signages; projectors; LCD all-in-one computers; precise scanners; multifunctional business machines; medical electronic products; wireless communication modules; automotive electronics; industrial automations; various mobile electronic consumables; smart LED desk lamps; and hanging lamps. In recent years, Qisda has aggressively expanded deployment in the medical industry. Related results include ultrasound, hemodialyzer, dialysis machine, and intraoral scanner; the deployment in the medical field has currently covered the businesses of medical services, medical equipment, medical consumables, digital oral operations, dialysis, and hearing-related operations.

Meanwhile, Qisda has also sped up the development of the six smart solution fields: smart retail, smart manufacturing, smart education, smart health, smart energy, and smart enterprise. Aiming at "high integration of software and hardware, one-stop shopping, and innovative operation," the Company offers 30 smart solutions and 10 main kinds of hardware equipment in the 6 main integration fields. The services meet the customer requirements at the foremost end, and assist the customers with their digital transformation, empowerment and growth.

As one of the top 2 manufacturers of LCD displays* and projectors in the world as well as the first company to be devoted to the R&D of network communication business in Taiwan, Qisda has operating bases, including R&D and manufacturing and service locations, in Taiwan (Taipei, Taoyuan, Hsinchu), China (Suzhou), Vietnam, Singapore, the U.S. and Japan.Currently, Qisda has around 6,950 employees all over the world.

⟩ Current status of Qisda

Time of Establishment 1984	**Capital** NTD $ 19.7 billion
2022 Consolidated Revenues of the Main Business NTD $ 239.829 billion	**Number of Employees** Around 6,950 employees

* The shipment volume of LCD displays in 2022 was around 19 million units. 4 The number of employees was calculated mainly based on the employees (incl. full-time employees and students participating in the cooperative education programs) actually hired by Qisda on December 31, 2022. As the employment contract of dispatched labor belongs to the third-party companies, the calculation of manpower didn' t include the number of dispatched employees unless their actual employer was Qisda. (32 dispatched workers in Taiwan; 4,507 contracted workers in Suzhou, China)

United States
Service Center

China (Suzhou)
R&D Center
Manufacturing Site

Japan
Service Center

Vietnam
Manufacturing Site

Taiwan (Headquarters)
R&D Center
Manufacturing Sites

Singapore
Service Center

III. In order to "pursue excellence," we open our mind to innovations and changes, thereby continuously learning, growing and looking for better performance. There is no "best," only "better."

IV. "Caring for and contributing to" the entire society, we fulfill our commitments on environmental protection and sustainable development, and make contributions to the interests of the customers, society and environment so as to create social influence.

Core values

❯ Core Values

"Bringing Enjoyment 'N Quality to Life" is the shared vision of Qisda, and efforts are made to achieve the vision based on the four core values: "integrity and self-discipline," "passion and focus on fundamentals," "pursuit of excellence," and "care and contribution."

I. Committed to "integrity and self-discipline," we take no opportunistic or dishonest behaviors, follow the Company's disciplinary regulations as a model, and keep our promises.

II. With "passion and focus on fundamentals," we complete our missions in an active manner, show love to our work and partners, and stick to our commitments.

3 The shipment volume of LCD displays in 2022 was around 19 million units. 4 The number of employees was calculated mainly based on the employees (incl. full-time employees and students participating in the cooperative education programs) actually hired by Qisda on December 31, 2022. As the employment contract of dispatched labor belongs to the third-party companies, the calculation of manpower didn't include the number of dispatched employees unless their actual employer was Qisda. (32 dispatched workers in Taiwan; 4,507 contracted workers in Suzhou, China)

Integrity & Introspection
Committed to "integrity and self-discipline," we take no opportunistic or dishonest behaviors, follow the Company's disciplinary regulations as a model, and keep our promises.

Execution & Excellence
In order to "pursue excellence," we open our mind to innovations and changes, thereby continuously learning, growing and looking for better performance.

Bringing Enjoyment ' N Quality to Life

Caring & Contribution
With "passion and focus on fundamentals," we complete our missions in an active manner, show love to our work and partners, and stick to our commitments.

Passion & Professionalism
"Caring for and contributing to" the entire society, we fulfill our commitments on environmental protection and sustainable development, and make contributions to the interests of the customers, society and environment.

Business Overview and Organizational Structure

While based in Taiwan, Qisda adopts internationalized division of production and marketing. The bases in Taiwan are responsible for the R&D of products, design of process, etc., while the overseas subsidiaries of Qisda, namely Suzhou Plant and Vietnam Plant, are responsible for the production. In addition, we have established subsidiaries in the U.S. and Japan for repair services and sales, not only expanding our marketing channels in Europe, America and Asia, but also looking forward to providing further services for the customers and responding to the customer requirements in the most rapid and effective manner. The information about Qisda's share capital, paid-in capital, shareholder structure, and subsidiaries included in the consolidated financial statements has been disclosed in the specific sections of capital raising and financial highlights in the Company's annual report.

Aside from targeting the customer brands of consumer electronics around the world, Qisda has also aggressively developed the markets of commercial and industrial use in recent years. With a view to meeting the oper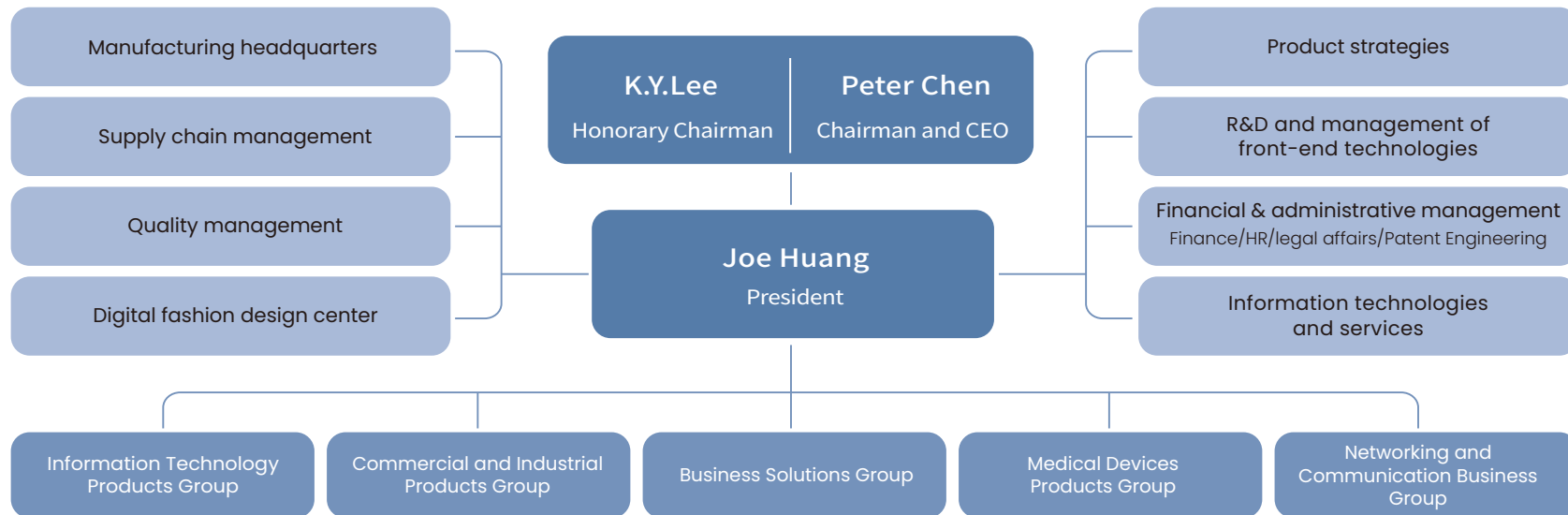ational needs, our operational structure has been been divided into five business groups: Information Technology Products Group, Commercial and Industrial Products Group, Business Solutions Group, Medical Devices Products Group, and Networking and Communication Business Group.

So far, Mr. Peter Chen has been serving as the Chairman and President of Qisda for 32 years since the first day of service in June 2017. Possessing extensive experience in different fields such as product development, global marketing and customer related matters, he has led Qisda to keep on pursuing significant growth.
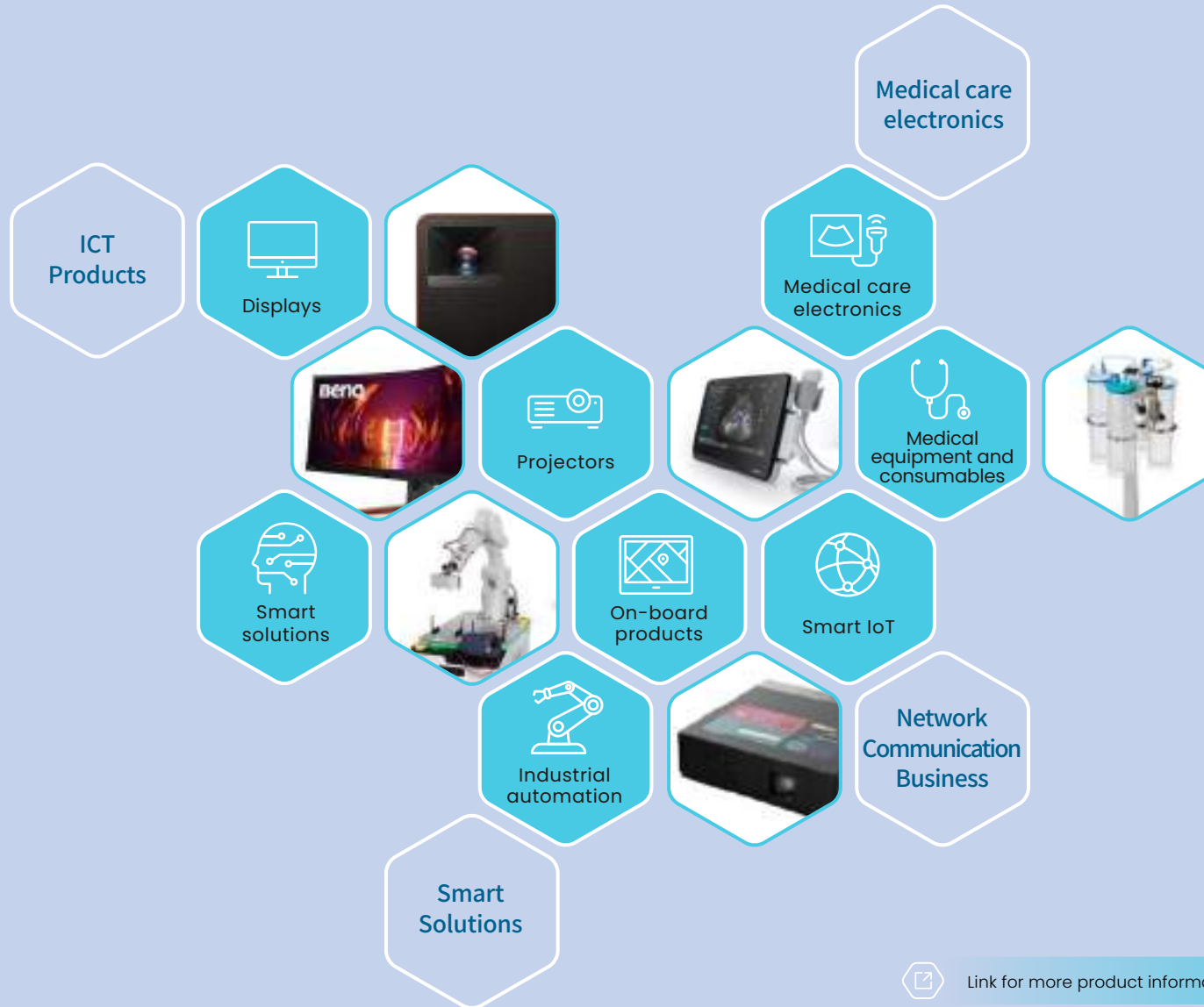
Advantages and Accomplishments of Qisda

Qisda has the R&D and manufacturing capacities for displays, optics, wireless communication, image, medical use, automotive application, automation, and LED illumination. Such capabilities enable the Company to develop and create diversified product lines, which is an advantage that only few electronic manufacturing companies in the world have. Moreover, we not only grasp the technologies of LCD, LED, electronic paper,

⎗ Organizational structure of Qisda

Manufacturing headquarters	**K.Y.Lee** Honorary Chairman / **Peter Chen** Chairman and CEO
Supply chain management	Product strategies
Quality management	R&D and management of front-end technologies
Digital fashion design center	**Joe Huang** President — Financial & administrative management Finance/HR/legal affairs/Patent Engineering
	Information technologies and services

- Information Technology Products Group
- Commercial and Industrial Products Group
- Business Solutions Group
- Medical Devices Products Group
- Networking and Communication Business Group

⬡ Qisda's products

ICT Products

Displays

Projectors

Smart solutions

On-board products

Smart IoT

Industrial automation

Network Communication Business

Smart Solutions

Medical care electronics

Medical care electronics

Medical equipment and consumables

Digital light processing (DLP)projector shipment volume

Ranking **NO.2** in the world

LCD display shipment volume

Ranking **NO.2** in the world

⬡ Link for more product information: https://www.qisda.com/tw/products.

touch screen, and IC design by leveraging the synergy of the vertical integration of the Group's upstream and downstream partners, but also independently own the vertical integration capabilities of surface-mount technology (SMT), metal stamping, plastic injection and LCD module assembling. The ten main products provided for the customers are displays, projectors, smart IoT, on-board products, industrial automation, medical care electronics, medical equipment and consumables, smart solutions, private 5G network, and network communication. In 2022, Qisda demonstrated solid operation of major product lines. With the display products ranked second in the world, we continued to develop toward advanced and professional displays and medical displays with a high unit price. The COVID-19 pandemic facilitated the leading position in the manufacture and sale of projectors due to increased demands for working, learning and entertainment at home. In addition to completing the product portfolio from portable to high-end laser models, we entered the new Blue Ocean of 3D machine vision with this precise optical technology. As for development of the medical business, our two medical centers in Suzhou and Nanjing operated well. We have been devoted to the construction of the IoT hospital and smart hospital, boosted the electronic medical care product lines and deployed them in the global market. Speeding up the development of the six intelligent solutions is another focus. We also enhance the integration relationship with software and hardware service providers, and invest in the 5G network communication business to meet the requirements of the industries for digital transformation under the threat of the pandemic.

Furthermore, Qisda is internationally known for its competence in industrial design. Since 2008, the Company has continually received recognition; a total of 156 international awards for design have been granted so far. We have not only the advantage of R&D and manufacturing, but also the advantage of competence for unique product design that ensures our unique competitiveness of the designs of highly value-added products.

❭ Value-Up Solutions with Forward Thinking Creating Outcomes beyond Expectations

With the corporate vision of "Bringing Enjoyment 'N Quality to Life," the overall business has been continuously extended to the important fields of people's life, such as the new businesses of medical services, medical devices, software services, integrated service platform, and solutions for enterprises. Meanwhile, the operational restructuring has been covered in the operating strategies. This includes the integration of global manufacturing

and supply chain management, enhancement of in-plant vertical integration capabilities, and setup of the production mode featuring low volume, great diversity and customization, which all help improve the Company's capabilities of serving customers. Further, by combining the integration and application of software, we continue to create the value of the Company, achieve high customer satisfaction, and facilitate the operating strategies of a solution provider.

❭ Associations

Qisda has voluntarily participated in cross-industry and cross-sectoral associations, groups or organizations. By building good collaborative relationships or becoming a member, we drive the communication between and development of industries and continue to focus on important issues, such as corporate mergers and acquisitions, industrial development, technological innovation, corporate governance and environmental sustainability .

The Chairman of Qisda, Peter Chen, has served as the Chairman of the Taiwan Mergers & Acquisitions and Private Equity Council (MAPECT) since 2022. He not only aims to keep on building a complete environment for mergers, acquisitions and private equity investments in Taiwan, but also strive to enhance relevant laws and systems, provide the competent authority with suggestions on policies, and widely communicate and cooperate with relevant international organizations.

In response to the impact of climate change, Qisda joined RE100 in 2022 and committed to the comprehensive use of renewable energy by 2040. We also expected to reach the goal of net zero by 2050. Furthermore, the Company has actively participated in domestic and international organizations for climate actions, including RE100, the Science Based Targets initiative, the Taiwan Climate Partnership, and CommonWealth Magazine's Sustainability Council to keep up with international trends and realize the goal of sustainable operation.

In 2022, Qisda participated in a total of around 30 international and domestic associations, totaling an expense of NT$2.27 million. From 2019 to 2022, the total accumulated expense was NT$7.77 million.

＊ Qisda has paid attention to material issues and participated in associations and organizations to influence public policies. However, we maintain political neutrality and do not contribute to political activities. In the recent 4 years (2019–2022), the Company did not make any political contribution, and had no election or referendum related expense.

Associations and organizations in the industry that Qisda joined in 2022 include

Category	Participated associations or organizations	Member	Director/ supervisor
Corporate merger and acquisition Industrial development	With an operational scope covering the ICT industry, medical business, smart solutions and other businesses, Qisda has actively transformed and grown through investments, mergers and acquisitions. The industrial development related associations that we joined in 2022 include:		
	Taiwan Mergers & Acquisitions and Private Equity Council (MAPECT)	●	●
	Taiwan Electrical and Electronic Manufacturers' Association	●	
	Taipei Computer Association	●	
	Institute for Biotechnology and Medicine Industry	●	●
	Taiwan Medical and Biotech Industry Association	●	●
	Taiwan Automation Intelligence and Robotics Association	●	●
	Information Management Association	●	
	Digital Solution Multimedia Association	●	●
	Association of Service Industries, Taiwan	●	
Technological innovation	Qisda has obtained leading positions in the global display and projector industries. Thus, we participated in relevant associations to promote technological innovation and international standards, including:		
	VESA	●	
	HDMI LA	●	
	MHL	●	
	HDBaseT Alliance	●	
	GMDN Agency	●	
	GS1 Taiwann	●	
	TPSA	●	
	Smart Display Industrial Alliance (SDIA)	●	

Category	Participated associations or organizations	Member	Director/ supervisor
Corporate governance	Attaching importance to shareholder rights and transparent governance, Qisda joined the following corporate governance related associations:		
	Taiwan Association of TWSE/TPEX Listed Companies	●	●
	Taiwan Industry Holding Association	●	
	Institute of Internal Auditors, R.O.C	●	
	Taiwan Stock Affairs Association	●	
	Taiwan Independent Director Association	●	●
Environmental sustainability	Qisda has actively taken climate actions in the hope of leading the partners in the supply chain and of the Group to implement green operation. The environmental sustainability related associations that we joined include:		
	RE100	●	
	Taiwan Climate Partnership	●	●
	CommonWealth Magazine Sustainability Council	●	
	ESG Technology Innovation Promotion Alliance	●	
	SBTi	●	
Others	Qisda has valued human capital, industrial design and other issues. Hence, we participated in relevant activities or held a post as a director in groups and organizations, such as:		
	Management Intelligence Sharing Association	●	
	Artificial Intelligence Foundation	●	●
	Taiwan Design Research Institute	●	●
	Taiwan Renaissance Platform	●	

* Qisda has paid attention to material issues and participated in associations and organizations to influence public policies. However, we maintain political neutrality and do not contribute to political activities. In the recent 4 years (2019–2022), the Company did not make any political contribution, and had no election or referendum related expense.

Qisda and Our Partners

❯ Suppliers' Meeting

The Qisda Group connects 400 suppliers to build a sustainable low-carbon supply chain

The Qisda Group held the annual suppliers' meeting on December 21, 2022, with sustainability as the topic for the first time. We formed a sustainability alliance with 400 supplier partners, and the total market capitalization of the companies participating in the meeting surpassed US$1 trillion. With "Joint Carbon Reduction for the Creation of a Sustainable Future"" as the theme, we advocated carbon reduction in the form of an "alliance," showing our ambition to meet international sustainability standards.

Under the Chairman Peter Chen's requirements for "implementation expansion," more than 100 suppliers were gathered in person while 300 more participated online, with a total market capitalization exceeding US$1 trillion. In the grand ceremony, we praised 29 suppliers with outstanding sustainability performance. Different from previous years in which the supply chain meeting always revolved around QCDST (quality/cost/delivery/service/technology), this year, we focused on sustainability as the topic for the first time. With the core element of "Joint Carbon Reduction for the Creation of a Sustainable Future, " we put every effort in the net-zero emission initiative. We also invited the Vice President of the Industrial Technology Research Institute, Yu-Min Peng, to share the latest technologies and trend of carbon reduction. On the other hand, the Director of the Center for Corporate Sustainability Impact at Tunghai University, Yao-Te Chen, demonstrated net-zero principles and examples of carbon reduction. In addition,

Celebration for 29 suppliers with outstanding sustainability performance.

the responsible person of the "CommonWealth Magazine Sustainability Council" Yi-Hsi Hsiung gave an analysis of competitiveness with respect to ESG. Through these keynote speeches, new technologies and practical methods for, as well as the current status of, carbon reduction were shared in order to collectively march toward the goal of carbon reduction.

The Chairman Peter Chen had announced Qisda's net-zero targets: "reaching a 20% carbon reduction in the supply chain by 2030; achieving a 100% use of renewable energy by 2040; and reaching net-zero emissions by 2050." The Chairman also emphasized that the Qisda Group spared no effort to realize the spirit of sustainability, which was "Joint Carbon Reduction for Common Good." Carbon reduction is not an easy task; it requires shared knowledge and experiences as well as joint efforts to exert power that is 100 times bigger than the status quo.

The President Joe Huang promised that Qisda will strive to meet the same standard. In the future, internal compensation performance will be linked to net-zero targets. In addition, Qisda has started establishing principles for the implementation of internal carbon pricing. According to the President, Qisda, with up to 1,200 suppliers, understands that the ESG capability and level of each partner can vary. Since the partners have raised the requirement of carbon reduction, we will surely fulfill the responsibility of cultivation and guidance, and further provide a complete ESG learning plan for all supply chain partners. Qisda plans to hold 20 courses on GHG inventory in 2023 to teach the suppliers how to inventory their own carbon footprints and then reduce emissions through various means.

▏Qisda and Suppliers' Carbon Reduction Roadmap

Joining RE100:https://youtu.be/TIE38Ab7doE

A 20% carbon reduction in the supply chain: https://youtu.be/RJmoUfYX-Ro

Subsidiaries Enjoying Common Good and Producing Synergy

Qisda continues to stand with hidden champions from each target field. We have faith in expanding the Qisda alliance, and with the cooperation of our subsidiaries, we expect to promote economic, social and environmental growth and even other aspects, further enhancing the influence of the Qisda Group. A sustainable business group is better than a sustainable company; a sustainable industry in Taiwan is better than a sustainable business group. We will make every effort to make the industry in Taiwan better and help more hidden champions march toward the world to accomplish the most important mission of Qisda. Under the leadership of Qisda, our group continues to share our resources to bring out the benefits of professional responsibility assignment, and gradually improves economic, social and environmental benefits with our subsidiaries, achieving the most important mission of our alliance.

BenQ Dialysis Technology Corp.

www.benqdialysistech.com

Basic Information	Sustainability Related Information
Name of the organization	BenQ Dialysis Technology Corp.
Time of establishment	2014
Chairman	Spark Huang
Headquarters	Taoyuan, Taiwan
Number of employees	45
Revenue in 2022	120M
Global locations of operation	R&D, manufacturing and service center: Taiwan
Main products or services	Medical devices, electrical appliances and electronic products

BenQ Medical Technology Corp.

www.benqmedicaltech.com

Basic Information	Sustainability Related Information
Name of the organization	BenQ Medical Technology Corp.
Time of establishment	1989
Chairman	Peter Chen
Headquarters	Taipei, Taiwan
Number of employees	186
Revenue in 2022	2,951,441 (NT$ thousand)
Global locations of operation	Headquarters: Taiwan R&D/manufacturing center: Taiwan Service centers: Taiwan
Main products or services	Obstetrics and gynecology operating tables and accessories, electric surgical operating tables and accessories, manual surgical operating tables and accessories, surgical lights, fiber optic dental light sources (inspection lamps), dental planning software, the iQOR operating room integration solution series, and medical/surgical mask products

LILY Medical Corp.

www.lily-medical.com/cht/

Basic Information	Sustainability Related Information
Name of the organization	LILY Medical Corp.
Time of establishment	1984
Chairman	Michael Guan
Headquarters	Miaoli, Taiwan
Number of employees	113
Revenue in 2022	NT$320 million
Global locations of operation	R&D center: Taiwan Manufacturing center: Taiwan Service centers: Taiwan
Main products or services	LILY Medical provides medical supplies, OEM and designs. The main products are: infusion devices (such as precision infusion set and extension tubes that help control volume and concentration of medications injected into human bodies), needle-free devices (for health professionals to lower the risk of being pricked by needles),surgical drainage devices, bags, semi-finished goods and components.

Partner Tech Corp.

www.partnertechcorp.com/tw/

Basic Information	Sustainability Related Information
Name of the organization	Partner Tech Corp.
Time of establishment	1990
Chairman	Peter Chen
Headquarters	New Taipei City, Taiwan
Number of employees	85
Revenue in 2022	2,735,892 (NT$ thousand)
Global locations of operation	R&D center: Taiwan and Beijing, China Service centers: China, Singapore, Dubai, the U.S., Germany, the UK, South Africa
Main products or services	POS, IOT display and cloud service

DFI Inc.

www.dfi.com/tw/

Basic Information	Sustainability Related Information
Name of the organization	DFI Inc.
Time of establishment	1981
Chairman	Peter Chen
Headquarters	New Taipei City, Taiwan
Number of employees	598
Revenue in 2022	16,183,418 (NT$ thousand)
Global locations of operation	R&D center: Taiwan Manufacturing center: Taiwan; Suzhou, China Service centers: Taiwan
Main products or services	Industrial motherboards, system-on-modules, industrial computers, industrial panel PCs and displays

Qisda and Sustainable Development

Qisda has been dedicated to the promotion of sustainable development. In order to achieve the goal of sustainable development, we established relevant internal management approaches and implementation goals such as green operation, green products, and social responsibility. We have also joined the SBT, RE100, Net Zero and other initiatives voluntarily to show our support to international initiatives with practical actions.

1. SBT Initiative

We committed ourselves to the SBT initiative and establish science-based reduction goals with the framework recommended by the organization.

Topic	Method	Completed in 2022	Plans for Initiatives in 2023
Voluntary carbon reduction	Science Based Targets (SBT)	Public commitment on the SBTi official website	1. Completion of goal submission in H1 2023 2. Completion of goal announcement in H2 2023 3. Regular goal tracking

2. RE100 Initiative

In 2022, the BenQ Qisda Group joined the RE100 initiative.

Qisda and Our Partners

Topic	Method	Completed in 2022	Target Plans by Year
Use of renewable energy	Use of green power to reach carbon neutrality	10% green power	1. Short-term: Using renewable energy by 32% in 2025 2. Midterm: Using renewable energy by 60% in 2030 3. Long-term: Using renewable energy by 100% in 2040

The Qisda Group officially joined RE100 in December 2022, being the first Taiwanese technology group of computer peripherals that joins RE100. We have made a commitment to using renewable energy comprehensively by 2040. In addition, the Company announces the goal of reaching net zero by 2050. We actively collaborate with the alliance as well as the suppliers to reduce carbon and support the carbon reduction advocacy. By doing so, we show our actions on sustainability to be in line with international standards.

Sustainability Achievements and Highlights in 2022

2022 HR Asia
Best Companies to Work For in Asia

Business Weekly's Top 100 Companies
with Carbon Competitiveness in 2022

2022 Taiwan Sustainability Action Awards
"Social Inclusion – Golden Award," "Environmental Sustainability – Golden Award," "Economic Development – Bronze Award"

2022 CDP survey
B (management level)

2022 Sustainability Report Awards
"Golden Award of Electronic Information Manufacturing Industry"

2022 Suzhou City Annual Ranking of Economic Contribution
Receipt of the Annual Model for Economy Award

2022 Overall Sustainability Performance
Top-100 Taiwan Best Sustainability Enterprise Award

2022 Suzhou City Annual Ranking of Product Innovation
Receipt of the Contribution to Innovation Award

In order to smoothly conduct a variety of affairs regarding corporate sustainable development and ensure the communication for and responses to the stakeholders' suggestions on our business, Qisda has integrated the relevant departments to form the Corporate Sustainable Development Committee (ESG Committee). The President, Joe Huang, serves as the chairperson while the senior managers of relevant departments act as the committee members of different dimensions. The Chief Sustainability Officer serves as the executive secretary and is responsible for establishing and planning matters related to corporate sustainable development. Moreover, the sustainability unit coordinates, promotes and guides the implementation by the department concerned. In order to improve the performance continuously, the ESG Committee's Meeting is held quarterly, at which the

committee members of different dimensions report the implementation status of the performance indicators and corporate sustainable development relevant issues. Currently, the Committee monitors and discusses 57 indicators. It has also held 68 meetings to date. Related personnel shall perform internal audit to ensure the consistency, completeness and accuracy of data; when any omissions are found, the data will be returned to the head of each department to complement and confirm the information. At the final stage, it shall be disclosed after the approval of the ESG Committee. In addition, according to Qisda's "Guidelines for Corporate Sustainable Development," material topics of the year, sustainability performance and the management results of climate governance related issues are reported to the Board of Directors every year on a periodical basis.

In the field of electronic technology, Qisda continues to promote measures for sustainable development. By optimizing green products continuously, actively promoting green manufacturing and participating in social/public welfare, Qisda achieves a win-win situation for EPS and ESG and further contributes to the realization of global sustainability goals.

Organizational and Management Structure of the ESG Committee
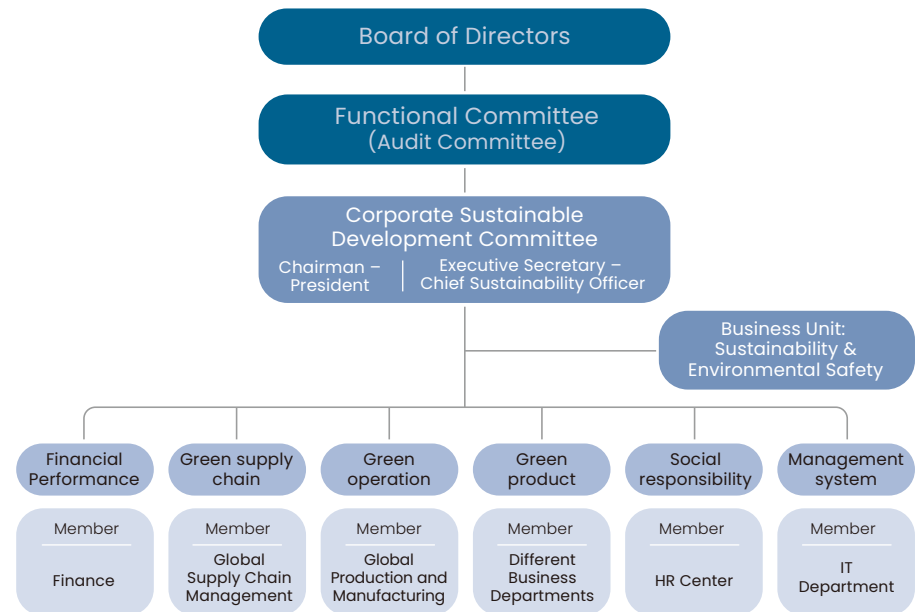
⟩ Senior Managers and ESG Committee Sustainability Statement

Board of Directors

Peter Chen
Chairman

The Qisda Group actively sets up ESG goals and strives to fulfill the following: We officially joined RE100 in 2022, and then made a commitment to using renewable energy comprehensively by 2040 as well as reaching the target of net zero emissions by 2050.

Furthermore, we have formed an alliance and invited the suppliers to join us in assisting our partners in the supply chain to build the capability of calculating product carbon footprints starting from GHG inventory and energy management. In addition to achieving a 20% carbon reduction in the supply chain by 2030, by influencing the consumers through our brand, we aim to reduce carbon emissions together and exert power that is 100 times bigger than the status quo.

Chairman

Joe Huang
President

Qisda keeps on promoting ESG and continues to increase the percentage of renewable energy in the environmental aspect (E). Not only that, but we have also established a Workshop for ESG Sustainability Action to enhance the suppliers' capabilities in terms of energy saving and carbon reduction. In the social aspect (S), we spare no effort in improving employee welfare by creating an open and quality work environment. In terms of governance (G), in addition to enhancing internal corporate governance and increasing transparency, we have established an effective risk management system to ensure the stable and sustainable business operation of the Company.

Executive Secretary/Member for Social Responsibility

Danny Lin
Chief Sustainability Officer/ Vice President of HR

We make sure that the Qisda Group is able to keep in line with increasingly complex regulations with respect to sustainable operations, enhance risk identification and management, assess the most urgent ESG issues across all sectors in the Company and quantify their long-term impacts in order to perform the most effective management. We also actively build an ESG culture in the Company and ensure that every unit and individual follows the Company's ESG strategies, fostering internal consensus and implementing our commitment to ESG.

Member of Green Operation

Mark Hsiao
President of Plants

With green thinking, we guide the overall planning from factories and production lines to machines and products. From single points to all levels, we effectively solve carbon reduction, energy saving, environmental protection and other issues. In addition, we make good use of AI and automation to upgrade our production lines and construct a new generation manufacturing system. This not only protects employee welfare but also takes care of operational efficiency, further creating innovative production and operation modes.

ITG Member of Green Products

Daniel Hsueh
Information Technology Products Group President

Leading Qisda's teams for information and communication products such as LCD displays and professional displays, we continue to upgrade green manufacturing processes to reduce energy consumption and waste generation. With the advanced green products, we are the customers' leanest and most reliable partner in terms of design and manufacturing services.

CIG Member of Green Products

Yuchin Lin
Commercial and Industrial Products Group President

We are committed to implementing comprehensive green management for Qisda's commercial and industrial products from planning and project management, to sales and the supply chain. Furthermore, we mitigate the impacts on the environment and human health brought by the product lifecycle while ensuring successful delivery to the customers and maintaining profitability of our business.

MDG Member of Green Products

Spark Huang
Medical Devices Products Group President

We innovate medical operation modes, leverage advanced software and hardware technologies, and dedicate ourselves into the four major fields: smart healthcare, hemodialysis, medical equipment and consumables, and medical services through investment as well as merger and acquisition. We not only make further improvement in being friendly to the environment, but also provide the employees with better and more comprehensive medical care for their health.

BSG Member of Green Products

Michael Lee
Business Solutions Group President

Qisda's Business Solutions Group assists the Company in solving the pain point of digital talent shortage to create agile and flexible operational processes. Our subsidiaries not only provide the Company with sustainability plans such as green energy, energy storage, energy saving and carbon reduction, but also plan the "Digital Transformation Program," which includes digital process management and paperless courses, to provide the Company with cloud energy-saving, carbon reduction and digital governance solutions.

NCG Member of Green Products

April Huang
Networking and Communication Business Group President

Focusing on IoT, Qisda's Networking and Communication Business Group offers the customers wired and wireless networking products and system integration services. By utilizing technology, we aim to improve the quality of life and reduce digital gaps. As we pursue the steady growth of the Company, we are also dedicated to carbon and waste reduction. At the same time, we implement vision projects for sustainable development and create a cycle of goodwill and public welfare to pursue a society with common prosperity.

R&D Member of Green Products

TS Wu
Vice President of R&D

We continuously improve innovative materials and technologies to promote the R&D of eco-friendly products. In 2010, Qisda achieved the first carbon footprint certification for display products in the world. We have continued to promote the reduction of product weight and power consumption during the design stage to achieve GHG emission reduction in the product life cycle, further promoting the continuous development of environmental technologies.

Member of Green Supply Chain

Daven Wu
President of Supply Chain

We include measures of green management such as carbon emission reduction in our supply chain management plans, and then discuss and share Qisda's ESG goals and plans with the suppliers to build consensus and ensure that the suppliers meet our expectations and requirements regarding ESG.

We monitor the ESG performance of the suppliers and provide ESG training, technical guidance, and resource sharing to help them improve their ESG performance.

Member of Financial Performance

Jasmin Hung
Vice President of Finance/spokesperson

We ensure that the sustainability information provided internally/externally is accurate and compliant, and continuously follow up on the financial and non-financial performance related to sustainability of the unit concerned. Through quantitative follow-up and management mechanisms, we make sure that resources of all departments are effectively integrated and aligned with the developmental direction of the Company's sustainability strategy.

Management System

Josephine Huang
Chief Information Officer

Through digital transformation, we improve the organization's agility, enhance cross-system integration and link all information from R&D to manufacturing. With these, we support the calculation of product carbon footprints and life cycles, which becomes an important statistical foundation for the sustainability performance. In addition to promoting the application of green information technologies, we choose energy-efficient equipment and cloud solutions to reduce energy consumption and carbon emissions, and even assist in enhancing green supply chain management through systems.

Qisda's Sustainability Vision

Being an innovator for the design and manufacturing of ICT and medical products

Boosting the quality of human life

Being friendly to the Earth

Our Sustainability Strategy

1. Moving from corporate survival to corporate sustainability, and further pursuing sustainability of the Earth
2. Incorporating sustainability performance with operating strategies
3. Enhancing the value of the Company's investment in sustainability
4. Meeting the international regulations and the expectations about sustainability of the customers, employees, etc.
5. Leading the affiliates to grow and make breakthroughs together

⟩ Our Sustainability Value Creation Process

I. Investment

Following the value creation process, Qisda invests six capitals – financial capital, manufactured capital, intellectual capital, human capital, social capital, and natural capital – to lay the foundations for sustainable development.

II. Creation of Value

With Qisda's vision of corporate sustainable development as the core, we refer to the process of SDG Compass Guide, the suggestions on corporate SDG implementation provided on the SDG Compass website, the international sustainability trends and the directions of the industry, in order to design and develop products and services via strategic thinking.

As a company of electronic design and OEM services, we check the existing measures and the risks and opportunities of value chain to review the major concerns of the stakeholders and our focuses ranging from the material supply and supply chain management in the upstream, the Company's product manufacturing and business operation, to the product sales, use and decommissioning in the downstream. The future priorities of Qisda's SDG management are accordingly identified, so that we can become a leading model in the industry. Internally, with the economy, society and environment of "corporate sustainable development (ESG)" as the three fundamental elements, the priorities of SDGs are promoted based on the five aspects: "green product," "green operation," and "green supply chain" in the environmental dimension, "social responsibility" in the social dimension, and "financial performance" in the economic dimension. The ESG Committee takes relevant implementation actions as well. These are the efforts for Qisda to achieve the corporate vision of "Bringing Enjoyment 'N Quality to Life."

III. Outputs

Our sustainable development promotion is based on the five aspects of Qisda's ESG management framework. We make long-term targets for each aspect according to our core competencies so that there are guides for the implementation and management of different programs. Short-, medium- and long-term management indicators are further set for the ESG Committee to review the performances on a regular basis. Since the systematic promotion of ESG in 2009, Qisda has been making efforts to keep in line with the established performance indicators of sustainable operations in the economic, social and environmental dimensions. In addition, annual targets are set for the material topics of the year that the stakeholders are concerned about; such targets are reviewed and assessed yearly.

⎘ Investment

Financial Capital

The foundation of investment in the R&D and production of products and relevant services built via financial management

Human Capital

The planning comprehensive training blueprint that makes the employees abide by the Company's regulations based on "integrity and self-discipline," and complete the tasks actively with "passion and focus on

Manufactured Capital

The maintenance of Qisda's infrastructure, such as buildings, and of production equipment, together with the collaboration with the supply chain, in order to offer better commodities and services to the custom

Social Capital

The collaboration with stakeholders for the engagement in and devotion to social participation to care for and contribute to the entire society

Intellectual Capital

Investment of resources for continuous soft power maintenance via the concentrated R&D and innovation with the attitude of "pursuit of excellence"

Natural Capital

Green designs at the very beginning to proactively reduce the environmental impact of supply chain, operations and products and fulfill the commitment to environmental protection and sustainable development

Achievement Status and Output of Material Issues in 2022

● Exceeding the goal ◎ Achieved ○ Not yet achieved

No.	Category	Topic	What it Means to Qisda	Management	Goal Achievement	Remarks
1	Society	Customer privacy protection	If a customer privacy breach occurs, customer loyalty and satisfaction may decrease, the business and reputation may be impacted negatively, and the Company may even face legal proceedings. Thus, it is Qisda's promise to the customers that their privacy is surely respected and protected.	Number of complaints of data losses: **0**	◎	No data loss occurred and the number of complaints of customer privacy was **0**.
2	Society	Human rights	To fulfill the corporate social responsibility and protect the human rights of the employees, Qisda declares that the Company will protect the employees' rights and comply with the local labor regulations and the international standards for the human rights management.	1. Passing of the Social Accountability Management Systems (SA 8000) certification and no human rights violation cases 2. Completion of the inspection and audit of the supplier's social responsibility, environment, safety and health	◎	The SA 8000 management system remained valid. No incident related to human rights occurred. **97%** of Tier 1 key suppliers completed the inspection and audit of social responsibility, environmental health and safety
3	Society	Labor–management relations	To maintain great labor–management relations between the Company and the employees, smooth communication channels have been set up internally to allow the employees to receive messages from the Company in a timely manner. The employees are also encouraged to provide suggestions regarding the overall business and development of the Company so that the decision makers can have some references.	Holding the labor–management meeting and announcing the labor and business statuses within the Company every quarter	◎	Four labor–management meetings were held, and the contents were publicly released for the employees' reference.
4	Society	Talent development	The employees are one of the capitals for sustainable development as well as the foundation for innovation to the Company. Qisda appropriately manages and trains the employees and has good communication channels with them, in order to retain outstanding talents for the enhancement of our competitiveness.	1. Increasing the percentage of digital courses to **70%** 2. Continuing to promote the accomplishment of a **100%** manager rotation in 2022	◎	**70%** of the courses were digital. Rotation rate in 2022: **100%**. (As of 2022, the position rotation rate of managers had reached **95%**.)

Achievement Status and Output of Material Issues in 2022

● Exceeding the goal ◎ Achieved ○ Not yet achieved

No.	Category	Topic	What it Means to Qisda	Management	Goal Achievement	Remarks
5	Economy/governance	Legal compliance	To make sure that the Company and the employees comply with the laws and regulations of different countries during the business operation, Qisda pays close attention to policies and laws that might impact our business, establishing relevant compliance regulations and promoting awareness.	1. Continuing the promotion plan for the compliance with anti-trust laws 2. Implementation of the GDPR compliance plan • Continuous follow-up of the implementation status of remaining public templates • Continuous attention to the development trends related to personal data protection laws in different countries	◎	1. **100%** of anti-trust relevant personnel complied with the laws. 2. There were 0 cases of violation against anti-trust laws and leakage of personal data.
6	Economy/governance	Quality/Hazardous substance management	Considering the improvement of customer and business partner satisfaction the priority, Qisda guarantees the satisfaction for the quality to continuously design and produce products that meet the regulations and the customers' requirements.	Ensuring the effectiveness of the certificates of quality/hazardous substance management	◎	Quality/Hazardous substance management ISO9001、ISO13485、IATF 16949
7	Economy/governance	Code of conduct	In order to avoid the distrust by the business partners resulting from unethical conduct, the poor ethics of the employees, and loss to the Company, Qisda has established related bylaws to make sure that all the employees follow the highest standards of conduct during business activities.	Reaching **100%** for the employee code of conduct training percentage	◎	In 2022, **100%** of the ethical training workers were trained.
8	Environment	Waste management	Qisda manages the waste by adopting the source management strategy, and, with constant energy saving and waste reduction activities, implements waste recycling and sorting in the source management to significantly reduce the waste produced, increase the amount of recycling, and further achieve the goal of waste reduction.	Recyclable waste proportion reaching **90%**	◎	The proportion of recyclable waste reached **90%**.

Qisda and the Stakeholders

In order to better make plans and decisions regarding corporate sustainable development, Qisda appropriately communicates with stakeholder groups, includes material topics that concern them in the ESG policies, and sets up a transparent and smooth response mechanism. We also adopt the "AA 1000 Accountability Principles (AA 1000AP)" and follow the four principles – inclusivity, materiality, responsiveness, and impact – to identify and respond to sustainability information and increase the strictness of sustainability information disclosure. For the materiality analysis, we divide it into the following steps:

I. Steps of Materiality Analysis

Step	Description
A total of **44** operating activities were identified.	**Organizational context:** Qisda identified all activities in the value chain and divided them into groups, verifying the partnership that occurs upstream and downstream of each activity to explore relevant issues in the sustainability context, identify major stakeholders and investigate their focuses.
There were a total of **32** operating activities with impacts in economic aspects.	**Impact identification:** We summarized all activities in the value chain and identified actual and potential impacts involved or possibly involved. These included positive or negative, short-term or long-term, intentional or unintentional, reversible or irreversible impacts.
There was a total of **18** operating activities with impacts in environmental aspects.	
There was a total of **28** operating activities with impacts in the social and human rights aspect.	

Step	Description
The top three activities with positive impacts were corporate culture and communication, employment of employees and employee training.	**Degree of significance:** We integrated the impact identification results in terms of economic, environmental as well as social and human rights aspects, and then determined the occurred positive impacts by their scope and scale while additionally taking irreversibility into consideration for negative impacts. On the other hand, the occurrence rate was considered for potential positive and negative impacts.
The top three activities with negative impacts were waste emissions, raw material mining, and manufacturing and production by suppliers.	
A total of **6** issues with significant positive impacts were determined.	**Determination of significance:** We compiled all activities into sustainability issues and prepared a materiality matrix according to the severity of positive and negative impacts as well as the degree of concern of the stakeholders.
A total of **7** issues with significant negative impacts were determined.	

II. Organizational Context

According to Qisda's definition and framework of sustainable development, individuals or groups who have significant effects or are highly impacted by Qisda's operations are our important stakeholders. In 2022, Qisda identified eight types of important stakeholders: customer, shareholder, employee, government, subsidiary, media, affiliate and supplier.

III. Impact Identification

During the process of impact significance identification, we divided them into positive and negative impacts before assessment. The factors considered for positive impacts include the actual impact (scale and scope) and the potential for and probability of occurrence. On the other hand, the factors took into consideration for negative impacts include actual impact (scale, scope and irreversibility) and the potential for and probability of occurrence. Out of the 44 operating activities identified with life cycle taken into consideration, 32 had economic impacts, 18 could impact the environment, and 28 had impacts in the social and human rights aspect. In economic aspects, the positive impacts were slightly

lower than the negative ones, and the result of significance rating of negative impacts in both environmental and social aspects was about twice that of the positive impacts.

IV. Degree of Significance

After compiling the results of impact assessments in the three aspects – economy, environment, society and human rights, the overall negative impact generated by all of Qisda's operating activities was more significant than the overall positive impact. Afterwards, we summarized the 44 activities into 19 sustainability issues and asked the major stakeholders about their level of concern for each issue. 250 surveys were recovered from internal employees and 38 more from external stakeholders, including the shareholders, customers, government, subsidiaries, media, affiliates and suppliers, totaling 288 surveys recovered.

Customer

Customers are the foundation of the Company's sustainability and the source of our competitiveness. Thus, we have to establish collaborative relationships with the customers in which they are highly satisfied.

1st Concerned Issue	2nd Concerned Issue	3rd Concerned Issue	Countermeasures
Operational and financial performance	Customer relations management	Use of raw materials	- Establish a customer service unit for two-way vertical and horizontal communications. - Implement customer satisfaction surveys voluntarily. - Receive and visit senior managers to build a successful partnership. - Accept the SER rating by customers and periodical audits. - Protect customer privacy.

Shareholder

Effectively monitoring the status of corporate governance to protect shareholder rights

1st Concerned Issue	2nd Concerned Issue	3rd Concerned Issue	Countermeasures
Tax	Operational and financial performance	Customer relations management	- Engage the stakeholders in the periodical and temporary shareholders' meeting for the status of corporate governance and future outlook. - Include the investors' recommendations on sustainability issues of the Company and report them to the Board of Directors every quarter as an important tool for sustainable development. - Publicly release financial and annual reports as well as information of the shareholders' meeting on a public website to communicate with the shareholders.

Employees

The employees are not only one of the capitals for sustainable development, but are also important partners as well as the foundation for innovation to the Company.

1st Concerned Issue	2nd Concerned Issue	3rd Concerned Issue	Countermeasures
Employee welfare and wages	Inclusion and equality in the workplace	Employment of talents	- The senior managers explain the operation status and future goals at the quarterly business meeting. - Communicate effectively through the quarterly labor–management meeting. - Establish multiple internal and external communication channels (e.g. the President mailbox) to collect the employees' opinions. - Implement various regular training on occupational safety, fire safety, human rights, etc.

Government

Compliance with laws and regulations is the most basic requirement for corporate sustainability, so the Company shall meet the specifications of laws and regulations and increase the operational transparency.

1st Concerned Issue	2nd Concerned Issue	3rd Concerned Issue	Countermeasures
Waste management	Energy management	Management for the impact of air pollutants	- Communicate with the government regularly or irregularly on matters that the government requires to understand the items they are promoting. - Evaluate the compliance with laws and regulations on a regular basis. - Meet the new legal requirements through the cycle of management and supervision.

Subsidiary

Driving the subsidiaries in attaching importance to sustainability to achieve the goal of "facilitating common good for sustainability in Qisda."

1st Concerned Issue	2nd Concerned Issue	3rd Concerned Issue	Countermeasures
Sustainable supply chain management	Climate mitigation and adaptation	R&D and innovation of green products	- Hold monthly meeting to provide the subsidiaries with counseling so that they can be incorporated into the Company's culture. - Reach the goal together by communicating with each other.

Media	Through the media, bridges for good communication between the stakeholders and the Company can be built to provide the stakeholders with the latest news about the Company.

1st Concerned Issue	2nd Concerned Issue	3rd Concerned Issue	Countermeasures
Operational and financial performance	Energy management	Climate mitigation and adaptation	– Release the Company's latest operation status along with the future trend and outlook via the media regularly or irregularly. – Invite the media to our forums to deliver the latest news to them.

Affiliates	The important source of investment in the Company's operational performance.

1st Concerned Issue	2nd Concerned Issue	3rd Concerned Issue	Countermeasures
Tax	Operational and financial performance	R&D and innovation of green products	– Conduct surveys to understand the status of sustainability promotion.

| Suppliers	Suppliers are one of the important parts of the sustainable operation of the Company; without them, our operations may not be able to continue. Thus, we are responsible for actively creating a sustainable supply chain in which safety, health, environment protection and human rights are ensured with the suppliers.

1st Concerned Issue	2nd Concerned Issue	3rd Concerned Issue	Countermeasures
Customer Relations Management	Operational and financial performance	Sustainable supply chain management	– Hold the suppliers' meeting every year. – Perform regular and irregular audits on the suppliers. – Encourage the suppliers to reduce carbon emissions and contribute to sustainable value.

V. Determination of Significance

We have prepared a matrix of material issues with the level of concern of the stakeholders as the x-axis and the positive/negative impact as the y-axis. We have selected 6 material issues with significant impact that are highly focused from the matrix of positive impacts, and another 7 from the matrix of negative impacts as the major content to be disclosed in the report. Compared to the previous reporting period, the total number of material issues (including both positive and negative) has increased from 8 to 9. We have added 3 new material issues in environmental aspects. For the social aspect, we have canceled the individual assessment of human rights issues. Instead, we include the impact on human rights in the issues to be considered in the materiality assessment process. In terms of economy, we have removed the issues regarding compliance and the Code of Conduct, as compliance with laws and regulations is the most basic self-requirement for Qisda if we are to serve as a sustainable company. In addition, two new issues "R&D and innovation of green products" and "customer relations management" are added.

Aspect	Difference From the Material Topics in the Previous Report	
	Added topic	Deleted topic
Environment	– Sustainable supply chain management – Energy management – Climate mitigation and adaptation	
Society		– Human rights
Economy	– R&D and innovation of green products – Customer Relations Management	– Legal compliance – Code of conduct

Distribution of Material Topics

Level of positive impact
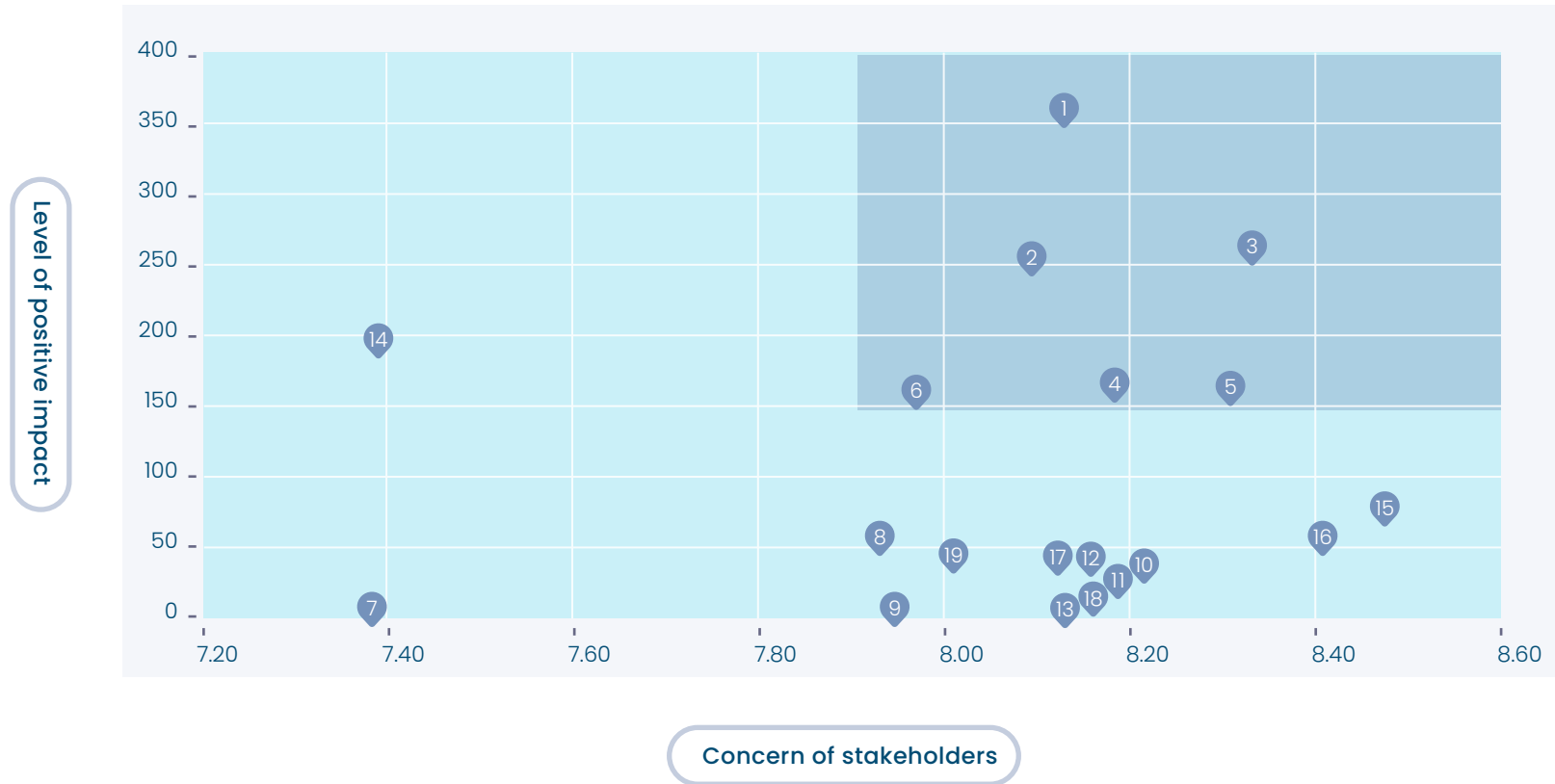
Concern of stakeholders

1	Sustainable supply Chain management	6	R&D and innovation of green products	11	Energy management	16	Operational and financial performance
2	Educational training for employees	7	Water resourse management	12	Waste management	17	Customer safety and health
3	Employee welfare and wages	8	Use of raw materials	13	Management for the impact of pollutants	18	Safety and health at work
4	Employment of talents	9	Ecological conservation and biodiversity	14	Tax	19	Corporate citizen and charity
5	Customer Relations Management	10	Climate mitigation and adaptation	15	Inclusion and equality in the workplace		

Distribution of Material Topics

Level of negative impact (y-axis: 0, 100, 200, 300, 400, 500, 600, 700, 800, 900)

Concern of stakeholders (x-axis: 7.20, 7.40, 7.60, 7.80, 8.00, 8.20, 8.40, 8.60)

1. Sustainable supply Chain management
2. Educational training for employees
3. Employee welfare and wages
4. Employment of talents
5. Customer Relations Management
6. R&D and innovation of green products
7. Water resourse management
8. Use of raw materials
9. Ecological conservation and biodiversity
10. Climate mitigation and adaptation
11. Energy management
12. Waste management
13. Management for the impact of pollutants
14. Tax
15. Inclusion and equality in the workplace
16. Operational and financial performance
17. Customer safety and health
18. Safety and health at work
19. Corporate citizen and charity

VI. Management Methods

Material Topic ／

R&D and innovation of green products

Responsible Unit
PG/sustainability

Positive Impact
With this, we can hopefully mitigate climate change by starting to introduce the concept of green design and creating product value for the customers in order to make contributions to net zero emissions.

Negative Impact
During the R&D and innovation of green products, the patent, foresight development, RD and HR personnel may work overtime. Moreover, the price of the products will increase and further result in the economic burden on the customers. It is also possible that suitable R&D talents cannot be found, which may bring about the negative impact of being unable to produce competitive products.

Policy
Utilize strategic thinking to design and develop products and services.

Commitment
Review the carbon emissions of the products and the opportunity of reduction from the viewpoint of the life cycle.

Project/Action
Introduction of the ISO 14006 and IEC 62430 management systems

Performance Indicator
Number of patent applications

Short-term
Reaching **100** items per year by 2025

Medium-term
Reaching **110** items per year between 2026 and 2030

Long-term
Reaching **120** items per year between 2031 and 2040

Engaged Counterparty	Channel for Engagement	Frequency of Engagement	Connected SDGs
– Suppliers	– Customer survey	› Regular	
– Affiliates	– Supplier survey	› Regular	
– Media	– Shareholders' meeting	› Quarterly	
– Subsidiaries	– Monthly Group meeting	› Monthly	12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 13 CLIMATE ACTION
– Shareholders	– Sustainability report	› Annual	
– Customers			

Material Topic ／

Customer relations management

Responsible Unit
Customer service

Positive Impact
This helps us fully understand the customers' requirements to improve the quality of products and services. It may also facilitate the improvement of the Company's reputation and the increase of market share/revenue.

Negative Impact
This can cause a reduction of customer loyalty and satisfaction as well as bringing negative impacts on our business and goodwill. It may even incur legal proceedings.
As a result, the Company's reputation may be damaged, and customer churn may occur along with the decrease in market share/revenue.

Policy
Learn about the customers' requirements and expectations of the Company, and then make improvements and provide better services based on the results of customer feedback and satisfaction surveys.

Commitment
Fully comply with the customers' requirements and provide services with better quality.

Project/Action
Establishment of improvement countermeasures through customer feedback and satisfaction to improve the quality of products and services.

Performance Indicator
Customer satisfaction score

Short-term
2025
93

Medium-term
2030
93.5

Long-term
2040
94

Engaged Counterparty	Channel for Engagement	Frequency of Engagement	Connected SDGs
– Affiliates	– Customer satisfaction survey	› semi-annual	
– Shareholders	– Shareholders' meeting	› Quarterly	8 DECENT WORK AND ECONOMIC GROWTH
– Customer	– Customers' SER rating	› Quarterly	

Material Topic ╱

Waste management

Responsible Unit
Environmental safety

Positive Impact

Negative Impact
If pollutants (waste) are not effectively managed, this issue will not only cause the increase of the operating cost, but also attract the attention of the stakeholders.

Policy
Strive for pollution prevention, waste reduction, energy efficiency improvement and reduction of GHG emissions.

Commitment
Increase the percentage of products and packaging materials used in the 3R practice, starting from source design; reduce the amount of operating waste and increase the reuse and recovery rate.

Project/Action
1. Courses of green products
2. Waste reclamation – making plastic waste into regenerative fuels to convert waste into energy

Performance Indicator
Recyclable waste proportion

Short-term	Medium-term	Long-term
2025	2030	2040
92%	**95**%	**Becoming a zero-waste factory**

Engaged Counterparty	Channel for Engagement	Frequency of Engagement	Connected SDGs
– Affiliates	– Government inspection	› Irregular	
– Suppliers	– Customer audit	› Irregular	
– Media	– Shareholders' meeting	› 4 times a year	
– Subsidiaries	– Sustainability report	› 4 times a year	
– Government	– The Company's communication platform	› Irregular	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
– Shareholders	– ESG Committee	› Quarterly	
– Customer	– Monthly Group meeting	› Monthly	

Material Topic ╱

Energy management

Responsible Unit
Environmental safety

Positive Impact

Negative Impact
The increase of electricity consumption and energy use intensity results in the increase of production cost and decrease of profitability, which attracts the attention of the stakeholders.
The operating cost may also increase in response to possible carbon fees and taxes collected by each country.

Policy
Strive for pollution prevention, waste reduction, energy efficiency improvement and reduction of GHG emissions.

Commitment
1. Improve energy use efficiency
2. Increase the use of renewable energy

Project/Action
1. Utilization of highly efficient equipment to continuously improve energy performance and efficiency.
2. Introduction of the concept and methods of carbon reduction to the employees and suppliers to avoid waste
3. Continuous purchase of renewable energy and establishment of renewable power generation system to reach 100% renewable energy
4. Additional carbon offset project and setting of internal carbon price

Performance Indicator
Renewable energy consumption
Absolute reduction

Short-term		Medium-term		Long-term
2025		2030		2040
Sourcing **32**% of operational electricity needs from renewable sources	Reducing eletricity by **1**% annually	Sourcing **60**% of operational electricity needs from renewable sources	Continuing the **1**% annual reduction	Sourcing **100**% of operational electricity needs from renewable sources

Engaged Counterparty	Channel for Engagement	Frequency of Engagement	Connected SDGs
– Suppliers	– Board of Directors meeting	› 4 times a year	
– Media	– Senior managers' meeting	› Irregular	
– Subsidiaries	– Media	› Irregular	
– Government	– Suppliers' meeting	› Once a year	7 AFFORDABLE AND CLEAN ENERGY
– Shareholders	– Sustainability report	› Issued annually	
– Customers	– Internal announcement	› Irregular	
	– ESG Committee	› Quarterly	
	– Monthly Group meeting	› Monthly	

Material Topic ╱

Climate mitigation and adaptation	Responsible Unit Risk

Positive Impact

Negative Impact — In the face of risks and challenges brought by climate change, there will be significant impacts and effects on the overall operation if the mitigation is invalid.

Policy — 1. Set up goals of carbon reduction and net zero and realize them year by year
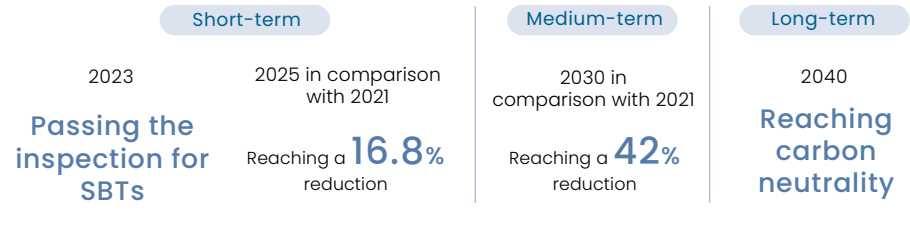2. Enhance the response to climate risks

Commitment — Use scientific methods for carbon reduction

Project/Action — 1. Continuous introduction of TCFD to enhance climate risk management
2. Submission of an SBT

Performance Indicator — Scope 1 and 2 GHG emissions; absolute reduction

Short-term	Medium-term	Long-term
2023	2030 in comparison with 2021	2040
	2025 in comparison with 2021	
Passing the inspection for SBTs	Reaching a **16.8**% reduction	Reaching a **42**% reduction	**Reaching carbon neutrality**

Engaged Counterparty	Channel for Engagement	Frequency of Engagement	Connected SDGs
- Suppliers - Media - Subsidiaries - Government - Shareholders - Customers - Employees	- Investor conference, shareholders' meeting, sustainability report, the Company's communication platform, internal educational training - Risk Management Committee and internal educational training	> Multiple times a year > 4 times a year	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

Material Topic ╱

Sustainable supply chain management	Responsible Unit SCM

Positive Impact — By disseminating that the suppliers' shall fulfill their social responsibilities, improving the quality of work and life for the employees, and controlling goals of sustainable operation and performance periodically, the spirit of RBA can be spread in the whole network of suppliers. In addition to keeping the operation of the supply chain in line with local laws and regulations, this also pushes the Company to meet the international trend and goals regarding work environment.

Negative Impact — The supply chain cannot keep up with the international trend of work and environment, resulting in the lack of friendly work environments for the employees and violation of local laws and policies. The Company suffering reputational damage internationally.

Policy — Ask the suppliers to follow the laws, social standards and environmental protection plans of the country where they are located, and to implement periodical investigations and audits to let them make commitments to the environment and society with Qisda, and further increase product value.

Commitment — Improve the value of a sustainable supply chain.

Project/Action — Periodically review of the fulfillment and performance of environmental responsibility in the supply chain through written investigations, on-site audits and other methods

Performance Indicator — Supplier social responsibility
1. Written inspection completion rate of key suppliers
2. On-site inspection completion rate of factories with high risk

Short-term		Medium-term		Long-term	
2025		2030		2040	
80% (1)	**100**% (2)	**100**% (1)	**100**% (2)	**100**% (1)	**100**% (2)

Engaged Counterparty	Channel for Engagement	Frequency of Engagement	Connected SDGs
- Suppliers	→ Suppliers' meeting - Supplier audit	> Annual > Annual	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND

Material Topic ／

Employment of talents

Responsible Unit
HR

Positive Impact
This provides work opportunities for talents to work their magic, further increasing the local employment rate.

Negative Impact

Policy
Build quality work environments and diverse channels for career development to attract and retain exceptional talents.

Commitment
Provide quality work environments and good remuneration packages

Project/Action
Implementation of employee engagement surveys

Performance Indicator
1. Participation rate
2. Average engagement

Short-term		Medium-term		Long-term	
By 2025		By 2030		By 2040	
Reaching at least **80**% (1)	Reaching **4.7** (2)	Reaching at least **80**% (1)	Reaching **5.0** (2)	Reaching at least **80**% (1)	Maintaining at **5.0** (2)

Engaged Counterparty	Channel for Engagement	Frequency of Engagement	Connected SDGs
– Media – Subsidiaries – Shareholders – Employees	– Shareholders' meeting – Survey through systems	› 4 times › 1 times	8 DECENT WORK AND ECONOMIC GROWTH

Material Topic ／

Educational training for employees

Responsible Unit
HR

Positive Impact
Corporate operation/direct impact
This can assist in the competency development of employees and improve the competitiveness of the organization's talents.

Negative Impact

Policy
Complete the educational training system in accordance with the Company's strategic development and business goals; improve the overall competitiveness of the organization and create more advantages

Commitment
Build a complete educational training and development system to provide an environment for diverse learning and development, further attracting and retaining exceptional talents.

Project/Action
1. Establishment of learning blueprints for the four schools
2. Implementation of professional courses for learning and growing based on the needs for training in the year
3. Training for all employees

Performance Indicator
1. Average annual training hours of the IDL personnel
2. Percentage of employees completing the compulsory policy courses reaching (100%)

Short-term		Medium-term		Long-term	
By 2025		By 2030		By 2040	
Reaching **26** hours per year (1)	Reaching **100**% per year (2)	Reaching **30** hours per year (1)	Reaching **100**% per year (2)	Reaching **40** hours per year (1)	Reaching **100**% per year (2)

Engaged Counterparty	Channel for Engagement	Frequency of Engagement	Connected SDGs
– Affiliates – Subsidiaries – Employees	– Education and training (incl. drills) – Training for new employees	› Irregular › Irregular	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH

Material Topic ╱

Employee welfare and wages — Responsible Unit HR

Positive Impact
Corporate operation/direct impact
Competitive welfare and wages can attract exceptional talents for the Company and allow them to enjoy their jobs without worries, further stabilizing the development of the Company's business.

Negative Impact
Corporate operation/direct impact
Wages and welfare can affect talents' decisions when job seeking. Employees are also leaving Qisda due to the attraction of other companies, which reduces our innovation and competitiveness in terms of business.

Policy
In order to attract and retain outstanding talents, we provide the employees with wages and welfare that are competitive in the market.

Commitment
Provide the employees with wages and welfare that are better than the other companies in the industry.

Project/Action
Continuously implementation of the Employee Stock Ownership Trust (ESOT) system with an expanded scope that covers the subsidiaries. Dissemination and explanation of systems when an employee takes office or comes to the Company for 3 months; implementation of quarterly participation promotional activities

Performance Indicator
The participation rate of the Group's employees in the ESOT system

Short-term	Medium-term	Long-term
By 2025	By 2030	By 2040
>85%	>90%	>95%

Engaged Counterparty	Channel for Engagement	Frequency of Engagement	Connected SDGs
– Affiliates	– Internal session	› 4 times a year	8 DECENT WORK AND ECONOMIC GROWTH
– Subsidiaries	– Internal portal	› 3 announcements in a year	
– Government	– Labor inspection	› Irregular	
– Employees	– The Company's remuneration system	› Frequent	
	– The Welfare Committee	› 4 times a year	

Impact Pathways Analysis for Material Topics

Our Doings

Material Topic — R&D and innovation of green products

Location of Occurrence — Operation, Product/service, Supply chain

Our Action/Doings — Introduce the concept of green design.

Description
1. Utilize strategic thinking to design and develop products and services.
2. Review the carbon emissions of the products and the opportunity of reduction from the viewpoint of the life cycle.

Performance Indicator (Input) — Number of patent applications — **Quantified Value** — Reaching **100** items per year

Material Topic — Customer Relations Management

Location of Occurrence — Operation, Product/service, Supply chain

Our Action/Doings — Customer feedback and satisfaction survey

Description
Fully understand the customers' requirements to improve the quality of products and services, further facilitating the improvement of the Company's reputation and the increase of market share/revenue.

Performance Indicator (Input) — Survey distribution and response rate / Customer satisfaction score — **Quantified Value** — **100%** / **93**

Material Topic — Waste management

Location of Occurrence
Operation, Product/service, Supply chain

Our Action/Doings
Waste management

Description
Dedicate to pollution prevention and reduction, practice the best, feasible plan, and reduce the amount of waste, etc.

Performance Indicator (Input)
Statistics of waste emissions
Proportion of recyclable waste

Quantified Value
Over **90**% of the weight recovered annually in the weight of recyclable resources

Material Topic — Climate mitigation and adaptation

Location of Occurrence
Operation, Product/service, Supply chain

Our Action/Doings
Use scientific methods to reduce carbon emissions and improve the resilience of factories for disaster prevention.

Description
1. Establish SBTs
2. Implement the TCFD

Performance Indicator (Input)
CO_2 emissions

Quantified Value
An annual reduction of **4.2**%

Material Topic — Energy management

Location of Occurrence
Operation, Product/service, Supply chain

Our Action/Doings
Improve energy efficiency and the usage of renewable energy.

Description
Improve energy use efficiency and energy-saving plans.
1. Utilize highly efficient equipment to continuously improve energy performance and efficiency.
2. Introduce the concept and methods of carbon reduction to the employees and suppliers to avoid waste.
3. Continue to purchase renewable energy and establish a renewable power generation system to reach 100% renewable energy.
4. Add carbon offset projects and set the internal carbon price.

Performance Indicator (Input)
Renewable energy consumption
Amount of energy saved

Quantified Value
Use of renewable energy:
10% per year
Energy saving: **1**% per year

Material Topic — Sustainable supply chain management

Location of Occurrence
Supply chain

Our Action/Doings
Improve the value of a sustainable supply chain.

Description
1. Ask the suppliers to follow the laws, social standards and environmental protection plans of the country where they are located.
2. Implement periodical investigations and audits to let the suppliers make commitments to the environment and society with Qisda, and further increase product value.
3. Periodically review the fulfillment and performance of environmental responsibility in the supply chain through written investigations, on-site audits and other methods.

Performance Indicator (Input)
Supplier social responsibility
1. Written inspection completion rate
2. On-site inspection completion rate of factories with high risk

Quantified Value
Reaching **100**% in medium- and long-term.

Material Topic — Employment of talents

Location of Occurrence
Operation, Product/service

Our Action/Doings
Build quality work environments and diverse channels for career development to attract and retain exceptional talents

Description
Provide quality work environments and good remuneration packages.

Performance Indicator (Input)
1.Participation rate
2.Average engagement

Quantified Value
1. At least over **80**%
2. Scoring over **4.7**

Material Topic — Educational training for employees

Location of Occurrence
Operation, Product/service, Supply chain

Our Action/Doings
Complete the educational training system in accordance with the Company's strategic development and business goals as well as improving the overall competitiveness of the organization and creating more advantages.

Description
Build a complete educational training and development system to provide an environment for diverse learning and development, further attracting and retaining exceptional talents.
1. Establish learning blueprints for the four schools.
2. Hold professional courses for learning and growing based on the needs for training in the year.
3. Train all employees.

Performance Indicator (Input)
1. Average annual training hours of the IDL personnel
2. Percentage of employees completing the compulsory policy courses

Quantified Value
1. **26** hours per year in short term
2. Reaching **100**%

Material Topic — Employee welfare and wages

Location of Occurrence
Operation, Product/service, Supply chain

Our Action/Doings
Provide the employees with wages and welfare that are better than the other companies in the industry.

Description
Continuously implement the Employee Stock Ownership Trust（ESOT）system with an expanded scope that covers the subsidiaries; disseminate and explain the system when an employee takes office or comes to the Company for 3 months; and implement quarterly participation promotional activities.

Performance Indicator (Input)
The participation rate of the Group's employees in the ESOT system

Quantified Value
>85%

Positive and Negative Changes

Material Topic	Negative Changes			Positive Changes		
	Economic	Environmental	Social	Economic	Environmental	Social
R&D and innovation of green products	The economic burden on the customers resulted from the increase in product price		Overtime work of the R&D personnel	Creation of product value for the customers	Assistance in achieving net zero emissions	
Customer relations management	Damage of the Company's reputation, occurrence of customer churn and the decrease in market share/revenue resulted from the reduction of customer loyalty and satisfaction		Negative impacts on the business and goodwill and even the occurrence of legal proceedings	Increase of customer satisfaction		Improvement of the Company's reputation
Management or the impact of waste	Increasing removal and disposal fees for waste emissions and possible additional costs and expenditures caused by penalties	Worsening of environmental quality	Negative public mood	Decrease of expenditures for waste disposal fees due to waste emission reduction	Avoidance and minimization of impacts on the nature	Establishment of a green and eco-friendly corporate image
Energy management	Rising costs caused by the purchase of renewable energy or self-builds	Possible trade-offs of some land resources caused by self-builds for renewable energy		1. Energy and cost saving 2. Avoidance of being affected by climate change mitigation and taxes on fossil fuels	Reduction of environmental impacts from general merchant gray energy(Scope2)	Establishment of a green and eco-friendly corporate image
Climate mitigation and adaptation	Expenditures for additional costs			Prevention of losses brought by climate change and relevant disasters	Climate change mitigation	Establishment of a green and eco-friendly corporate image
Sustainable supply chain management	Increase of HR costs	The supply chain failing to keep up with the international trend of work and environment	Lack of friendly work environments for the employees and violation of local laws and policies; The Company suffering reputational damage internationally	Prevention of material shortage and other economic impacts brought by the suppliers	Avoidance and minimization of impacts on the nature	Establishment of successful partnerships with the suppliers
Employment of talents	Capacity failing to increase due to labor shortage		Difficulties in recruiting employees for companies	Possible creation of products and services with market potential by exceptional employees		Enhancement of relationships with new employees
Educational training for employees	The quality of the employees failing to assist the Company in creating market value due to the lack of sufficient educational training		The quality of the employees being unable to keep up with the evolution of technologies	Cost reduced and revenue generated by the Company through the implementation of new technologies	Environmental impacts of experience activities	The employees gaining a sense of accomplishment with new skills
Employee welfare and wages	Increasing expenditures and costs		High turnover rate as outstanding talents are unwilling to be retained	Increase of the employees' income and promotion of consumption in the market		Increase of retention rate

Area of Impact

	Area of Impact (Output)						
Material Topics	Climate Change	Body Health	Biodiversity	Social Capital	Economical Value of Company	Cultural Heritage	Natural Heritage
R&D and innovation of green products				Number of patent applications	Patent Value		
Customer relations management					Increase of market share/revenue		
Management or the impact of waste		Reduction of possible damage to body health caused by pollution emissions	Reduction of possible damage to body health caused by pollution emissions	Promotion of friendly relationships between communities			
Energy management	Climate change mitigation	Reduction of damage to body health caused by pollution emissions from electricity	Reduction of damage to biodiversity caused by pollution emissions from electricity. Possible destruction of the local nature and biodiversity caused by the installation of renewable energy at the wrong location	1. Increase of public approval through emissions reduction 2.Dissatisfaction of local communities with the installation of renewable energy	Possible increase or decrease in costs	Possible impact on local culture	Possible impact on local landscapes
Climate mitigation and adaptation	Mitigation of and adaption to the systematic damage brought by climate change (with the systematic cost calculated with the social cost of carbon)						
Sustainable supply chain management				Higher supply chain resilience and reduction of risks in the supply chain as a result for suppliers passing the audit			
Employment of talents							
Educational training for employees							
Employee welfare and wages				Lower turnover rate of new employees			

Creativity

Product Innovation and Responsibility

Lifecycle assessment

Supply chain sustainability management

Trust relationship with customers

Product Innovation and Responsibility
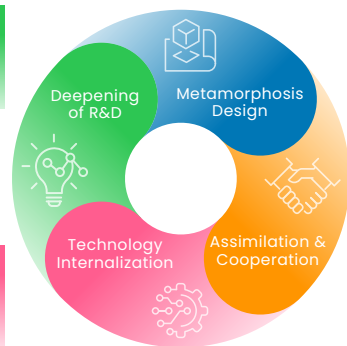
〉Innovation

Qisda is an all-round, multi and cross-sectoral electronic design and OEM company. Our products and technology fields include high-end and professional displays, precision optics electronic products and industrial/commercial computers, machines and peripheral equipment. In recent years, we have actively accelerated the expansion of the medical industry and developed smart solutions in the hope of sailing towards the sea of markets with high value-added products. We have maintained in a leading position in the field of LCD displays and projectors around the world through advantages such as innovative and diverse capabilities of product design, profound R&D technical strength, high-quality and flexible manufacturing capabilities around the globe, capability of vertical integration for Group resources, and exceptional industrial design.

Keeping on leveraging the existing innovative momentum of R&D and strength in integration, we will adhere to product design and manufacturing applications as well as committing to energy saving and environmental protection in line with the corporate social responsibility to focus on the R&D and production of products and reduce emissions of all substances in a sustainable way. In the future, we will focus on four major strategies for R&D to move towards the Company's vision of "Bringing Enjoyment 'N Quality to Life."

Qisda spares no effort in innovation and development of products to maintain our competitive advantages. In the recent 4 years, we have invested an average amount of more than 2% of our revenue in the innovation and R&D of products every year. Moreover, the "Regulations for Rewarding Employees with Patents" has been established to encourage the employees to innovate, invent and apply for patents. Statistics show that in 2022, a total of 57 essential patents were obtained. As of the end of 2022, we had accumulated a total of 1,199 valid patents worldwide.

Item / Year	2019	2020	2021	2022
Funds invested in R&D (NT$10 thousand)	198,068	216,174	227,559	257,286
Percentage of R&D funds in revenue (%)	2.01	2.34	2.18	2.52
R&D personnel (persons)	594	588	599	591
Percentage of R&D personnel in employees (%)	40.2%	40.3%	39.7%	40.5%
Number of valid patents	1121	1140	1192	1199
Number of patent applications	405	289	206	238
Reward for employees with patents (NT$)	2,387,056	1,942,630	2,279,041	1,808,242

Note: Essential patents are defined as patents in the U.S. The goal is to obtain 100 essential patents per year by 2025.

◗ Qisda's R&D Strategies

Account for the front-end R&D of products to ensure their quality and safety.

Continue to introduce the idea of innovative design for products in order to meet the ever-changing requirements in the market.

Keep on exploring and establishing new product technologies, and then applying them to product design and manufacturing.
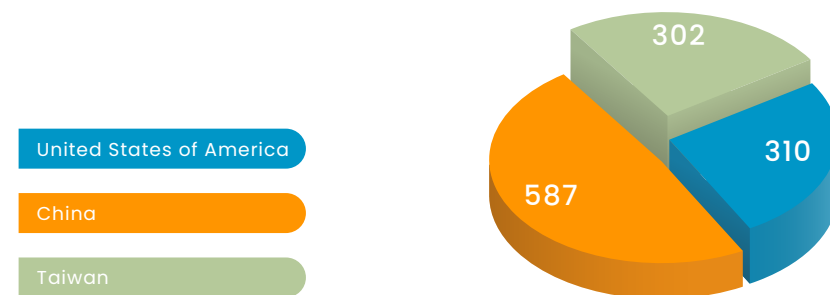
Continue the implementation of industry–university cooperation for the joint R&D of new technologies and products

Deepening of R&D — Metamorphosis Design — Technology Internalization — Assimilation & Cooperation

◗ Total Number and Regional Distribution of Valid Patents in 2022

- United States of America
- China
- Taiwan

302 / 310 / 587

Though industry–university cooperation projects, Qisda encourages professors and students in universities to jointly participate in the research in the field of AI and smart technology application. The industry–university technological research in 2022 focused on three major aspects: "Smart Location," "Smart Medical Care" and "IoT." In the same year, a total of 10 cooperation projects were implemented with more than 10 research students under training. The topics for the industry–university research included:

Campus safety	Smart campus	Medical inspection.

The material contents of Qisda's cooperation with universities in 2022

Material Industry–University Cooperation		Type
National Taiwan University	**6** patents	**Application of AI:** Development of (1) medical care, (2) electricity inspection, (3) edge computing and motion control, (4) radar beamforming, and other forward innovative technologies.
National Cheng Kung University	**4** patents	**Application of smart technologies:** 1. The Smart Campus sports science-based teaching system (live recording with instant replay) 2. Safety monitoring devices and integration for campus

Application Results

Utilizing forward R&D momentum, such as AI/MI and edge computing, in the application of products and technological innovation in different fields.

- With recorded videos and instant replay, we are able to effectively correct the erroneous postures of athletes in accordance with technological analysis. We record videos during the whole process from every angle, including left and right or even underwater and on the surface if in a pool. This can be used to teach athletes about postures. In addition, we collect statistics and calculate ball speed in order to provide recommendations on tactic development and collect data of situations in the future in the hope of enhancing athletic performance and reducing sports injuries.
- With the established cameras and 360-degree emergency helping booths, we combine the rolling doors, elevators and rooftop high-speed cameras of the Administration Building (Yun-Ping Building) and integrate the videos, sounds, emergency intercoms, remote monitoring and instant recording in the Situation Monitoring Center. Quick inquiry and video replay are available with the videos being stored for 30 days. With emergency helping booths, 24-hour 360-degree video and audio recordings are provided, and help can be requested by communicating with the Situation Monitoring Center via the button. Finally, cameras are installed across the eight campuses and the Administration Building (Yun-Ping Building) of NCKU for the integration of campus safety applications, namely, the smart campus and building PoC.

Successfully developed technologies/products in 2022

LCD Display Product	Curved QD-OLED displays, Ultra-fast (360Hz) IPS gaming monitors, cost-effective local dimming with 96 zones, the DisplayHDR 1400 certification, 4K/144Hz/Mini-LED backlit displays, 1,000R curved displays, OLED 4K/HDR, Thunderbolt 3 displays, borderless displays, displays for special purposes with eye-care technologies and Privacy, Portable and Eyesafe certifications, G-Sync R4/high refresh rate and night vision monitors for gaming, professional color management display (for photography and photo-editing), and the Display Arrangement Manager application.
Projector Product	The DMD or LCD panels of projectors are monopolized by TI, Epson, and Sony. Moreover, it requires a lot for companies to enter the light source industry, which has resulted in an oligopoly. The Company maintains close collaborative partnerships with manufacturers of material parts and components to ensure a stable supply of these items. Our projector products include high-brightness interchangeable-lens laser projectors for large venues, high-brightness 4K UHD laser projectors for business, 4K UHD laser projectors for small theaters, and 4K UHD ultra-short throw laser TV projectors.
Medical Service	We focus on the R&D of high-quality, reliable and innovative medical and care products as well as solutions to provided complete medical equipment, advanced medical services and personalized care for the creation of better lives. The BenQ Medical Center in Nanjing acquired the IoT Hospital Certification and JCI Certification in 2020; it was also certified by the National Chest Pain Center, Stroke Center and Atrial Fibrillation Center. In addition to having a division for oncology, a key discipline in Suzhou City, the BenQ Medical Center has also committed itself to establishing key discipline units that include the Center of Critical Care Medicine and departments of orthopedics, obstetrics and gynecology, rehabilitation, gastroenterological internal medicine and cardiovascular internal medicine. In 2022, the BenQ Medical Center in Nanjing officially became a Tier 3, Grade A general hospital, making it the first Tier 3, Grade A private hospital in Nanjing.

Smart Factory and Innovative Actions

In order to meet market demands and maintain competitiveness, Qisda has introduced the design of smart factories since 2015. By combining statistical analysis, robots, AI and other technologies during the production, we realize the production mode in which manufacture in factories is transformed to improve production efficiency and quality. We lead the industry in launching a production and manufacturing information system relevant solution, providing a platform that highly integrates hardware and software. In 2017, Qisda established the second term of the smart factory at the Taoyuan headquarters, and further designed three safety protection mechanisms with ISO 10218 and TS 15066 as the basis in 2019, through which we significantly enhance the safety of human−robot collaboration and have obtained the first certification of safety in human−robot collaboration in Taiwan. Through the setup of smart manufacturing solutions, the production quality can be improved while the waste caused by the sales per unit area can be reduced, which enhances the overall production efficiency of the plants. We had already promoted the application of the smart factory related technology – the automatic guided vehicle (AGV) – in wafer fabs and automobile factories in 2021. Further in 2022, we advanced to smart warehousing that allowed products to be placed and stored in the warehouse and then shipped from the dock. With this, we have realized unmanned operations and implemented smart inventory management throughout the entire process at the same time.

Development History of Smart Factories

2022 — Smart and automated warehousing for all-time smart management

2021 — Completed promoting the application of the automatic guided vehicle (AGV) in wafer fabs and automobile factories

2019 — Acquisition of the first certification of safety in human-robot collaboration in Taiwan

2017 — Second term of the establishment of smart factories by Qisda's Taoyuan headquarters

**2015** — Started introducing the design of smart factories

Green Product

Qisda aims to maintain and implement the vision of corporate sustainable development (ESG): "Being an innovator for the design and manufacturing of ICT and medical products that boosts the quality of human life and stays friendly to the Earth." The process of promoting green, sustainable products can be divided into different phases. We extend our vision from the organizational environment to the whole product environment and focus on the environmental impact of the products after they leave the factories. We implement big picture thinking and consider about the products' impact on the environment during their life cycle.

Tracing from the product environment to the beginning of design, Qisda places importance on introducing the green elements since the beginning of design, believing that it is the only way to reduce the products' impact on the environment at each stage of their life cycle. Qisda combines the methods of green design with the quality process, and further builds a close tie between them and the procedure of product design and R&D. We reach the highest efficiency by conducting inspections and adjustments at every stage of design.

Starting from 2010 (2009 as the baseline year), we have combined the elements of green design with the product design and R&D process, and established management systems with respect to the environmentally conscious design (IEC 62430) and the incorporated ecodesign (ISO 14006) guidelines.

Qisda combines the concept of life cycle with the procedure of product design and R&D, setting up goals for green design at the early stage of design. We conduct inspections at every stage of design to ensure product compliance with the customers' requirements and the importing countries' laws. Moreover, we make self-improvements, improve energy efficiency of the products, and reduce resource consumption by doing so. Compared to our performance in 2015, we have saved 42.32% of energy, reduced 38.95% of material and resource consumption, and reduced 45.47% of carbon from 2016 to 2022. Qisda has mapped the future for 2025 and continued promoting the green design 555 (energy saving %, material reduction %, carbon reduction %) plan to reduce environmental pressure and increase the efficiency of products, further provide products of even better quality to customers and establish sustainable value in the products.

Qisda's Green Product Evolution Stages
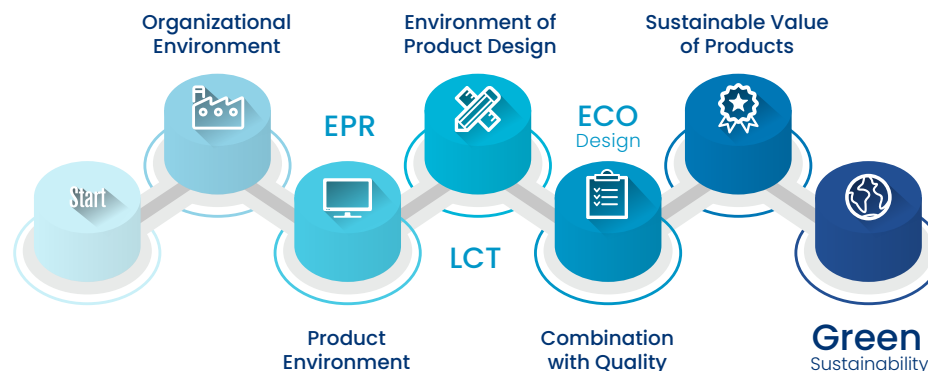
Concept of Incorporated Design

Qisda has introduced the environmentally conscious design (IEC 62430) since 2010, and continued to promote the concept of product life cycle. We require that green design be included in the beginning of the product R&D to assess the potential environmental impact and risks caused by the designed products/components in different phases of the life cycle. Furthermore, we hope to simplify our design, so that we can reduce the environmental impact from the very beginning of the design. We believe that we should combine ecological design with quality management and produce products that are helpful to the environment with great functionality. Since 2013, we have combined the incorporated design (ISO 14006) with the environmentally conscious design (IEC 62430), the environmental management system (ISO 14001) and the quality management system (ISO 9001), and introduced them to the R&D process, establishing a structure of incorporated ecological design. Since 2013, we have received statements of the integrated design (ISO 14006) and the green design (IEC 62430) for products such as displays, projectors, smart phones, scanners, multimedia players and light fixtures.

Qisda's Structure of Incorporated Ecological Design

Company Policy

Achieved in 2022
(with 2015 as the baseline year):
Energy saving by 42.32%, material reduction by 38.95%, carbon reduction by 45.47%

Principles of product design

Design

LCT

Manufacture

Use

Disposal

Environmental risks assessment for the products (passive/active)

Initial Design Stage
- Confirmation of customer/regulatory requirements
- Incorporation of development specifications

Middle Design Stage
- Design audits
- Ecological design levels assessment

Final Design Stage
- Hazardous substance management
- Product recovery rate/disassembly report
- Life cycle assessments (EPD, CFP, etc.)
- Green design performances

Assessment of environmental pressure and cost variation

Improvement of the goals and targets

feedback

Ecological benefits

Carbon reduction

CFP

ERM

ErP platform

WEEE platform

GDMS

GPMSA

EMC

Procedure of Product Design (Qisda Q System)

Concept

Principle/approach of ecological design

Requirements

Qisda requires that green design be included in the beginning of the product R&D to assess the potential environmental impact and risks caused by the designed products/components in different phases of the life cycle. We also requires implementation of proper management from the very beginning of the design. Thus, based on the status and experience in design of each product line, we established interdepartmental green design principles for the R&D staff as a guideline and a choice for related manufacturing procedure. We place importance on the four major green design approaches during the R&D stage, which are material reduction, hazardous substance management ,energy saving, and reclaim. In the middle of design, we use the internal WEEE platform to make product recovery rate assessments, and see if the recovery rate of the product meets Qisda's basic requirement. The product can only move on to the next stage of the design process after confirmation.

Methods

1. Reduction of raw material consumption

Reduce volume and weight of the products and the packaging as well as the number of the products' components; take modular design into consideration. Until 2022, the weight and the materials of products had reduced by 38.95% in all production lines averagely.

2. Hazardous substances

For the chemicals that could be used in products or during the producing process and are harmful to the environment, Qisda has established the "Hazardous Substance Control List" according to the international regulations and the requirements of the customers. Qisda strictly manages the component and material approvals, and strongly inspects imported materials. We establish a systematized management mechanism to ensure that our products comply to international regulations and meet the customers' requirements. We hope to reduce the usage of hazardous chemicals year over year while avoiding damage to human bodies and the environment during product transportation, use and disposal.

3. Energy saving

Qisda especially focuses on increasing energy efficiency and reducing the energy consumption of shutdown and standby mode. We also compare the data of contemporary models with that of the previous generation models to confirm the achievement of energy saving performances. Qisda not only meets international requirements (such as ErP, TCO and Energy Star), but also takes self enhancement and continuous improvement as an aim, takes them into consideration and makes them our operation framework. Until 2022, all product lines had increased energy efficiency and saved energy by 42.32% on average.

4. Product disposal

Qisda especially considers the products' recovery rate and the difficulty in disassembling them since the product design process starts. We think about the way of composing the products from the beginning and avoid using materials and manufacturing processes that make products hard to dismantle, such as bonding, soldering or embedding. Products and samples with plastic components that weigh 25g or above should be labeled with a list of materials, and the plastic components used cannot be composed of more than two kinds of materials.

Concept

Process of ecological product design

Requirements

In order to implement ecological design for all models and meet the requirements of customers/importing countries while continuously promote material reduction, energy saving and carbon reduction, the design process of the machines can be roughly divided into three stages.

Methods

Initial Design Stage

(1) **Confirmation of customer/regulatory requirements:** Confirm the regulations/versions of the customers and the importing countries, and submit the requirements to the system, sending them internally to the management units responsible for subsequent processes.

(2) **Incorporation of development specifications:** Convert the regulations of the customers and the importing countries to design specifications as design inputs at the initial design stage.

Middle Design Stage

(1) **Design audits:** Double-check the blueprints and prototypes to see if they meet the requirements and if there's any quality issue.

(2) **Ecological design levels assessment:** See if the products meet other international requirements in addition to those of the customers and the importing countries, and label the products with golden, silver and bronze medals according to their ecological design status. The distribution of advantage and disadvantage of the product design is also provided as the improvement guide for next generation products.

Final Design Stage

(1) **Hazardous substances management:** Provide corresponding reports for customers based on their requirements and check the compliance status of each component again.

(2) **Product recovery rate/disassembly report:** Calculate the recovery rate of the models and make disassembly analysis reports through the internal WEEE platform.

(3) **Life cycle assessment:** Collect internal and external information through Qisda's carbon management platform, and provide product carbon footprint reports and lists of recommendations for reducing carbon right after mass production.

(4) **Green design performances:** Compare existing products with the previous generation models and make assessments of design improvement performances to see the status of achieving goals such as energy saving, material reduction and carbon reduction.

Concept

Environmental risks assessment for the products

Requirements

Based on the requirements of the customers/importing countries, Qisda actively assesses if the design of products can be further simplified to leave out unnecessary manufacturing process and parts. Every year, we perform periodical assessments on the environmental impacts of each product type. The current and new design specifications/process of the product line are taken into consideration when assessing the possible impacts and risks brought by it in each stage of the life cycle. We also make comparisons with the previous models or benchmark products in the industry to identify high-risk parts and manufacturing processes, and then establish affordable and feasible improvement plans to reduce environmental pressure. These plans shall be implemented for the next generation models.

Methods

Among the display products, the life cycles of models accounting for 12.1% of the Company's revenue were fully assessed in 2022.

Other than that, models on which the simple life cycle assessment was conducted accounted for 9.3% of the Company's annual revenue in 2022 (excluding the models that were already assessed in previous years).

The products for which the energy label (Energy Star 8.0) was obtained had a 56% share in the Company's annual revenue in 2022. According to the calculation made based on the statistics on new and major Energy Star 8.0 models (accounting for 31% of the annual revenue) in 2022, the carbon emissions were expected to be reduced by a total of 64,958 tonnes.

Concept

Platform data integration

Requirements

In 2010, Qisda led the field in establishing carbon management platform. By using the bill of materials (BOM) system, we listed the corresponding components and integrated them with the component approval system to collect the material and process parameter of each component. Then, we imported the data into the Simapro system before mass production, generating a product carbon footprint report. This way, we immensely reduce the operation time. It used to take six months, and now the products are available right after mass production. We also establish the horizontal development of the carbon inspection, inspecting not only one model, but other product lines and models. Thus, Qisda has achieved the goal of providing carbon footprint reports for all main models since 2012. In the future, Qisda will also integrate the information of product disposal and energy consumption on the WEEE platform so as to present the carbon footprint of the products, from idea to disposal, in a way closer to completion.

In 2013, Qisda established the product-related environmental regulation management platform to completely connect with the customers'/company's requirements. Based on the various requirements of each model, the system converts itself to suitable specifications for mandatory and optional design audits, offering audit lists at the subsequent design stages to ensure that our product design meets the customers'/company's requirements, all the while avoiding rework costs.
We will continue to connect/integrate Qisda's systems and resources to make the most of information, and further reduce time on rework and sending information between departments.

Methods

Continue to optimize the carbon footprint management system and avoid omissions with inspection reports.

At the same time, we have developed the high-level analyzing function to improve the capability of analyzing completely during the LCA as well as better presenting and improving the environmental impact in each stage of the product life cycle.

The requirements of each stage during the product life cycle are explained below:

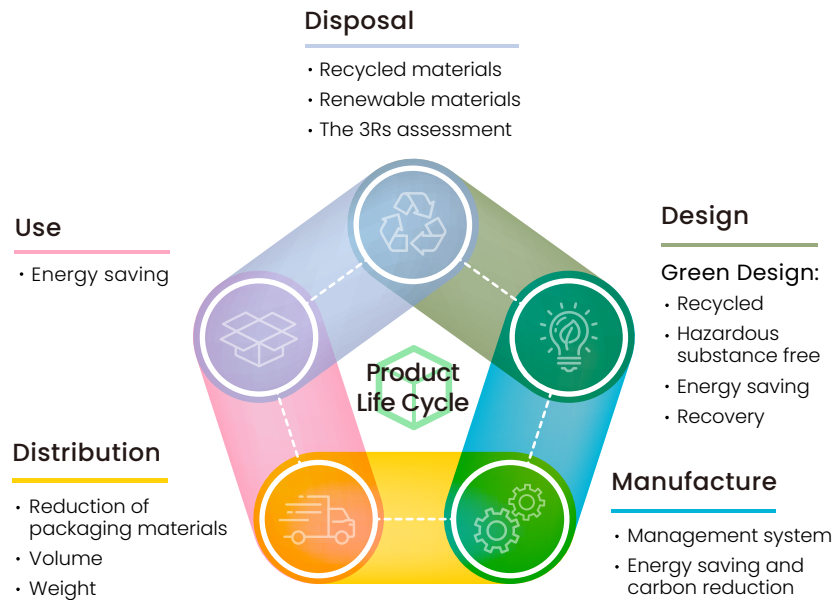| Stage of Life Cycle	Requirements	Case
Raw materials	In addition to considering using parts that consume less energy and reducing the quantity of the parts used, parts in compliance with the EU Restriction of Hazardous Substances (RoHS) Directive or with the customer's personal requirements for the prohibition and limitation of the use of hazardous substances must be adopted.	1. In 2022, all of the raw materials of the new products were in compliance with the EU RoHS Directive. 2. With 2015 as the baseline, the quantity of materials for product design in 2022 was reduced by 38.95%.
Manufacture	Qisda has implemented the environmental management system (ISO 14001) since 1997 and the occupational safety and health management system (ISO 45001) since 2001, committing to reduce the impact on the environment and potential risks during the production. We obtained the Green Factory Label in 2016 and established relevant energy saving as well as waste reduction performance indicators to implement goals of green operation.	1. In our sites around the world, the carbon emissions per personal hourly electricity consumption were 1.92 kilograms of CO_2e in 2022, falling by 23% compared to that of 2021, which was 2.5 kilograms of CO_2e. 2. The global energy consumption per million USD production value (kWh) was 29,436 kWh, which was 7% more than the 27,532 kWh in 2021. 3. Qisda has been building solar power systems since 2022. In 2022, the systems produced electricity was about 5,200,534 kWh, and they helped reducing carbon for around 2,980 tCO_2e. 4. The global water consumption per million USD production value was 106 tonnes in 2022, having an around 0.7% decrease in comparison with 2021. 5. The proportion of recyclable waste reached 90% in 2022.
Distribution	Qisda thinks about reducing the volume of end-product packaging as well as utilizing parts produced by local suppliers at the early stage of new product design in order to reduce oil consumption during the stage of distribution and transportation in the hope of preventing more impacts on the environment.	In 2022, for the proportion of procurement in China, 73.8% of Qisda's items were actually purchased in local areas.
Use	Qisda not only meets international and customer brands' requirements (such as the ErP, TCO and Energy Star), but also takes self enhancement and continuous improvement as an aim to keep on improving the design with respect to the energy consumption of products. In addition, we also establish the internal "design for service" and design verification systems to make sure that our products meet the customer brands' requirements for after-sales services and reliability for use, hoping to satisfy the market demands.	With 2015 as the baseline, the energy consumed during product use reduced by 42.32% in 2022 thanks to the energy-saving design.
Waste disposal	Qisda especially considers the products' recovery rate and the difficulty in disassembling them since the product design process starts. We think about the way of composing the products from the beginning and avoid using materials and manufacturing processes that make products hard to dismantle, such as bonding, soldering or embedding. Products and samples with plastic components that weigh 25g or above should be labeled with a list of materials, and the plastic components used cannot be composed of more than two kinds of materials. In the middle of design, we use the internal WEEE platform to make product recovery rate assessments, and see if the recovery rate of the product meets Qisda's basic requirement. The product can only move on to the next stage of the design process after confirmation.	From 2019 to 2022, the product recovery rate had been in line with the WEEE requirements. Percentage of products complying with WEEE requirements 2019 **100**% 2020 **100**% 2021 **100**% 2022 **100**%

Qisda's Concept of Product Life Cycle

Disposal
- Recycled materials
- Renewable materials
- The 3Rs assessment

Use
- Energy saving

Distribution
- Reduction of packaging materials
- Volume
- Weight

Product Life Cycle

Design

Green Design:
- Recycled
- Hazardous substance free
- Energy saving
- Recovery

Manufacture
- Management system
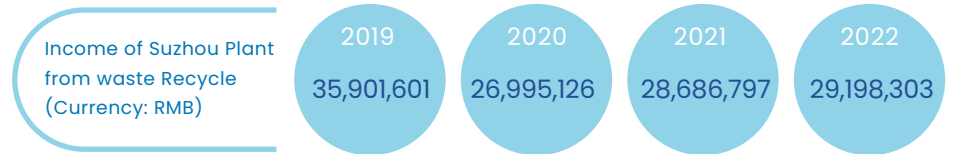- Energy saving and carbon reduction

Recovery Benefits

Raw material stage:

In response with the customers' requirements as well as Qisda's pursuit of eco-friendly operation, the use of recovered materials has been gradually increased. Between 2019 and 2022, the share of the display models for which recovered plastics were used in the operating revenue is shown below:

The proportion of the display models made of recycled plastics in the operating revenue	2019 34%	2020 36%	2021 52%	2022 62%
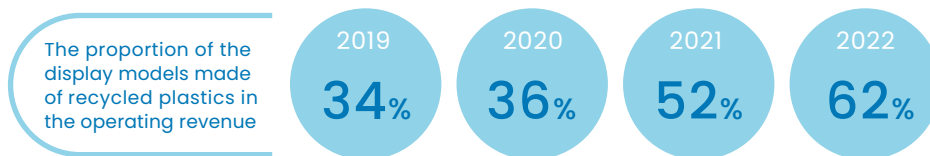
Manufacturing stage:

Waste from the manufacturing process can also generate economic benefits. From 2019 to 2022, the Suzhou Plant's income from waste recovery in each year is as follows:

Income of Suzhou Plant from waste Recycle (Currency: RMB)	2019 35,901,601	2020 26,995,126	2021 28,686,797	2022 29,198,303

Training for Green Talents

1. For new R&D personnel: Qisda holds periodical general courses in green product design. Starting with product functional design, we gradually bring in the elements and directions of green design through simple games. Then, we approach the design process and actual cases of Qisda's green products. The examples include the concept of life cycle, applications of the life cycle concept, redesign of green products, the structure and elements of green products, and the corresponding documents for the Q process.

2. For senior R&D personnel: We open professional courses according to the requirements of each department or project. The knowledge and skills are internalized as internal documents and SOP, and are passed on to the R&D personnel through the courses with the help of software platforms. For example, there are courses relevant to cognition and interpretation of international regulations, life cycle inspections and assessments, ecological design, design methods, product disassembly and analysis, application of software platforms, etc.

3. For the R&D executives of management bodies: We provide courses about green management regularly to let them understand the management status of existing products and areas of enhancement for management. Moreover, the courses allow them to establish suitable management approach based on the status of each product line.

▢ Plans for training green talents

Awareness	Education	Influence
Freshmen	Senior employee	Manager
General education	Advanced education	Deepening management	Keep Going
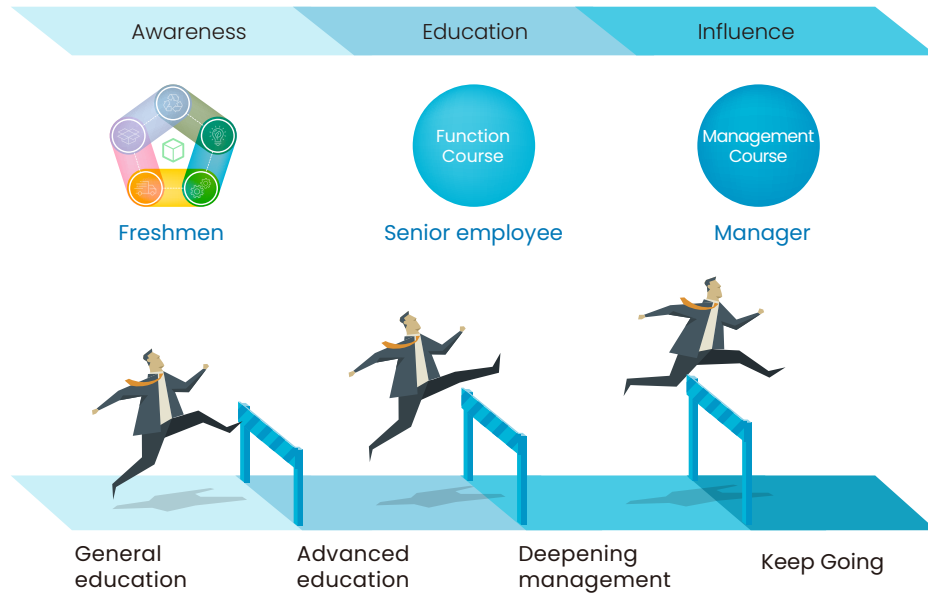
❯ Quality/Hazardous substance management

Qisda devotes itself to promoting the quality management system (ISO 9001), the medical devices quality management system (ISO 13485), the automotive quality management system (IATF 16949) and the hazardous substance process quality management system (IECQ QC 080000). We design and manufacture products that conform to laws, regulations and the requirements for customer safety and health. In the "Quality and No-Hazardous Substance Handbook," we clearly disclose Qisda's policies for quality and hazardous substance free, and the policies are verified by a third party.

The President of Qisda also serves as the person in charge of our quality/hazardous substance management system, who supervises and establishes different levels of QA teams and coordinators to promote the quality/hazardous substance free policies throughout the company and require the employees' compliance. By using communication methods such as educational training, internal announcements on the official website, promotional cards, Qisda guides our employees to be aware of the importance of meeting the requirements of laws and regulations, the quality policies of the Company, the quality goals and the requirements of the customers. We also inspect the suitability of the management system and the usability of resources during management review meetings. We hope to improve the process continuously, reduce defects and waste, and make improvements in quality and productivity by pursuing continuous enhancement and precaution with the most economical methods. Meanwhile, we hope to meet the EU RoHS Directive and the customers' requirements, and further have our products comply with society's expectation and reduce negative impacts to the environment. In the recent 3 years (2019–2022), the customers had been updating their requirements for the hazardous substance control for products. In total, there were 15 updated versions and 49 additional substances for inspection. We had performed inspections in accordance with the requirements of customers and international environmental laws with both the inspection rate and the compliance rate reaching 100%. However, the customers have not demanded that we focus on the goal of hazardous substance reduction for OEM products in the next 3 years.

In 2022, there was no violation of laws or voluntary standards with respect to the health and safety impacts in the life cycle of products. The was also no violation of any information and labeling regulations or voluntary protocols with respect to products and services.

In 2022, a total of 19 models conformed to the voluntary standard of TCO Certified, generation 9, for displays and completed the application for certification to meet the customers' requirements. In the aspect of management, Qisda converts reasonable requirements to implementation plans through the new product development system. We divide the process of product development, from idea generation to the final stage, into seven phases (Q00-Q60) based on the mission and management goals of each development stage. By doing so, we ensure the quality and reliability of the products. In addition, Qisda establishes internal product development process through the management system described above. We also ensure that all products produced by Qisda and delivered to the customers meet the following requirements:

According to the customer's requirements, Qisda can only start mass production after obtaining product-related certifications through tests in order to ensure that the customers can receive the products without concerns about product safety.

1. Product safety:
Reduction and precaution of product-related danger such as electrical leakage, energy and fire generated by short circuits, heat during operations, chemicals and radiation. For instance, the Taiwan BSMI certification, the U.S. UL standards (UL60950-1 E d. 2/IEC62368-1/UL62368-1), the China CCC standards (GB 4943.1-2011/GB8898-2011), etc.

2. Electromagnetic compatibility (EMC):
Detection of electromagnetic radiation emitted by electronic products and its impact on human bodies, public electrical grid and other electronic products that function normally; testing of whether the electronic products function stably without being affected in electromagnetic environments. For instance, the U.S. FCC labeling, the Canada ICES-003 issue 7, the EU CE marking (EMC Directive 2004/108/EC, Low Voltage Directive 2006/95/EC), etc.

3. Energy consumption of product
Reduction of energy consumption during the product life cycle to improve efficiency and reduce energy use. For instance, the U.S. Energy Star, the EU ErP Lot 5, the EU Energy Label, and the China Energy Label (CEL), etc.

All products must meet the requirements of the "Non-hazardous Substance Process Management Procedures"

Prohibitive measures with respect to environmental hazardous substances have been implemented for all products produced by Qisda. In addition, we have presented requirements to the suppliers in accordance with relevant specifications to ensure the compliance with laws, regulations and Qisda's rules. With this, source management can be implemented.

Qisda's policy of quality/non-hazardous substance

1. Qisda complies with the goal: "Our products and services must conform to the promised quality, specification, cost and delivery date; We must devote ourselves to energy saving and environmental protection when designing and manufacturing the products, and fulfill the corporate social responsibility." We also comply with the quality/hazardous substance free policy and will spare no effort to promote and establish systems that meet the international standards, such as the ISO 9001 "quality management system" and IECQ QC 080000 "hazardous substance process quality management system." We strive for improving the process continuously, reducing defects and waste, and making improvements in quality and productivity by pursuing continuous enhancement and precaution with the most economical methods. Meanwhile, we are dedicated to complying with regulations related to hazardous substances（such as the EU RoHS Directive) and meeting the customers' requirements, and further complying our products with the society's expectation and reducing negative impacts to the environment.

2. Qisda also makes cards and built a mobile app (Qplay) about the quality policies for all employees to check them out anytime.

3. Relevant certificates are also stored on the internal and external websites.

4. Qisda verifies that its products comply with the EU Restriction of Hazardous Substances (RoHS) Directive and conform to the customers' personal requirement that we prohibit and limit the use of hazardous substances before mass production. Meanwhile, Qisda audits all suppliers regularly, strictly manages component and material approvals, and strongly inspects imported materials. By doing so, we establish a systemized management mechanism to ensure that the customers can receive the products without concerns about health.

The numbers of models qualified for environmental certifications and applications in 2022 are as follows:

Environmental Certification	Number of Models Submitted in 2022	Remarks
TCO Certified Displays 9	19 models	TCO Certified is a world-leading sustainability certification for IT products. Its criteria are designed to drive social and environmental responsibility throughout the product life cycle. Compliance is independently verified, both pre and post certification.
U.S. Energy Star	109 models	The U.S. Energy Star program was launched by the U.S. Environmental Protection Agency in 1992 with the aim of reducing energy consumption and the greenhouse gas emission of power plants. Participation in this program is not compulsory. Companies voluntarily participating in the program are allowed to put an Energy Star label on their qualified products. In 2022, products with the Energy Star environmental label accounted for 56% in the total product revenue.

Environmental Certification	Number of Models Submitted in 2022	
China Environmental Labeling (the Ten-Ring Certification)	10 models	The China Environmental Labeling is a certification launched by the government. Products certified with the label not only pass the quality standard, but also meet the requirement of environmental protection during the process of production, use and disposal. Compared to other similar products, the certified products have advantages in environmental aspects, such as low toxicity and hazardous substances, resource saving, and so on.
RoHS	100% models	RoHS is a compulsory standard formulated by the EU, mainly aiming to restrict hazardous substances in electric and electronic devices and further protect human health. It also ensures proper recovery and disposal of waste for environmental protection. Qisda's products that are in compliance with the EU RoHS Directives account for 100% in the total product revenue.

＞ Products and Services in Response to the UN SDGs

To connect with the world, Qisda adopts the SDG Compass Guide as reference to set performance indicators for the potential risks that require prior management in the Company's value chain. Moreover, with the existing core R&D strength and operating strategies incorporated, we also launch a variety of relevant products and services in accordance with the SDGs, in order to make corporate responses to the international trend of sustainable development.

Solution	Description	Applied Software and Hardware	SDGs

Smart Energy

BenQ Business Solutions, an affiliate of Qisda, is the only "ADR 2.0 Ready" certified energy saving technology company in Taiwan. It creates intelligent green energy and smart management for energy saving and full-time monitoring of IoT equipment used in the domestic manufacturing and service industries. In 2021, the service scope has been extended to include the energy creation and storage system; the customers are provided with one-stop energy management services, receiving our support to make plans and progressively fulfill the requirements of net zero carbon emissions that attract more and more attention.

Hardware — PoE switch

Software — Automated monitoring system for energy saving of AC and lighting

SDGs: 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 17 PARTNERSHIPS FOR THE GOALS

Smart Manufacturing

We are the first one in the industry to introduce the solution of production and manufacturing information system and provide a platform of high software and hardware integration. In 2017, we set up the Phase 2 smart plant at the headquarters in Taoyuan. As of 2022, AGVs have been adopted by several wafer fabs and automobile factories. Qisda's smart plant has received the first safe human–robot collaboration certification in Taiwan, and the Green Factory Label from MOEA for the second time. Through the setup of smart manufacturing solutions, the production quality can be improved while the waste caused by the sales per unit area can be reduced, which enhances the overall production efficiency of the plants.

Hardware — Automatic guided vehicle (AGV)

Software — Warehouse management system (WMS), supervisory control and data acquisition (SCADA), smart environmental safety management (SESM), smart cloud situation room (SCSR), radio frequency identification (RFID), traceability, etc.

SDGs: 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Smart Education

Based on the core of offering big data learning and analysis services of flipped classroom model and education, the Company makes seamless integration of the software, hardware and teaching/learning experience, supports the learning application scenarios, and provides education cloud services. Ranging from the Campus Security Monitoring, School Administration & Student Information System to Smart Classroom System, we leverage our specialties in information system to comprehensively address the needs of school administration and of the parents, teachers and students.

Hardware — School administration & student information system

Software — Comprehensive education cloud system

Parent-Teacher-Student Platform and 1-Campus APP

Campus security monitoring system

SDGs: 4 QUALITY EDUCATION

Solution	Description	Applied Software and Hardware	SDGs

Smart Health

By combining rich clinical resources and professional technologies of medical equipment and materials, and incorporating the internationalized design capability and software/hardware integration services, we create opportunities for a quality and healthy life. The pandemic prevention and disinfection robots demonstrated their functions during the pandemic in 2022. The UV fluorescent tubes are capable of disinfecting in the hospital at a preset time and in a specified location. The trackless 3D laser and supersonic sensing equipment can work independently and provide additional introductory and transporting functions to reduce the risk of infection to the pandemic prevention personnel. The smart hospital wards, smart emergency room dashboard, clinic check-in and queuing management system and service desk management system all make the treatment-seeking process effectively organized; the efficiency has been boosted, the direct contact has been avoided, and the risk of infection has been reduced.

Hardware: Medical display, ultrasound scanner, intraoral scanner, surgical table, transporting robots in operation rooms and disinfection robots

Software: Group fitness system, health management system, integrated operating room solution, 3D dental implant integration service, dashboard application, clinic check-in and queuing management system, service desk management system, etc.

3 GOOD HEALTH AND WELL-BEING

Smart Retail

The Company satisfies the needs for diversified one-stop hardware shopping of the retail industry, and puts together a variety of software system services for precision marketing and interactive consumption. We have provided our customers with people flow analysis service for stores; with such support, the customers' revenues of the stores have increased by 20% compared to those of the time before the service implementation. Qisda's affiliates, Partner Tech Corp., LaFresh, etc., have integrated all the online and offline channel platforms in an active manner, providing highly integrated self-order, checkout and kitchen management systems for the stores of catering industry in the popular trend of food delivery and take-away under the pandemic. With systematic process management, such stores can fulfill the consumer needs for food ordering and taking processes that are more feasible and diversified in the pandemic era.

Hardware: POS terminal, mobile POS, large commercial display, projector and other peripheral equipment

Software: Content management system (CMS), electronic shelf label, hotspot analysis

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Smart Enterprise

Qisda's affiliate, BenQ Business Solutions, has mature software development capability. Certified by CMMI5, the company, with experience of serving more than 700 well-known customers on the both sides of the Taiwan Strait and top-100 companies in China, supports the customers to become smoothly operating smart enterprises by offering highly flexible modular services.

Software: Human capital management (HCM), supplier relationship management (SRM), business process management (BPM)

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

Life Cycle Assessment

According to ISO 14044:2006 life cycle assessment standards in the life cycle assessments, the product life cycle includes raw material acquisition, production, distribution, use, and end-of-life treatment stages. For LCD monitor products, the scope of the system boundaries has been defined as cradle to grave, which includes all stages of the full life cycle.

System boundaries

(1) Raw Material Acquisition Stage

Information regarding raw material stage on LCD monitor products includes the process of manufacturing main materials, auxiliary materials and packaging materials (referring to the raw material mining and manufacturing of the supply chain), and the related transportation to the manufacturing plant of Qisda.

(2) Production Stage

The process of production stage on LCD monitor products includes the energy used in the manufacturing and the related processes of waste treatment.

(3) Distribution Stage

The distribution information of the LCD monitor products includes the shipments from the manufacturing plant to the first-tier deliver points (or warehouse)

Due to the difficulty in collecting, data related to sales operations is not included.

(4) Use Stage

The energy consumption of LCD monitor products is calculated according to the use phase scenario and product lifetime. The power consumption under the consumer use phase scenario is defined based on the latest version of the Energy Star monitor testing standard.

(5) Waste disposal and recycle

Reporting of information such as dis-assembly reports and sales area recycling channels mentioned in the 3Rs report of LCD monitor products. It distinguishes the disposal methods of each component at the end-of-life treatment stage and includes the relevant processes of incineration and landfill in calculation.

The life cycle assessment software used for the carbon footprint calculation of this product is SimaPro v9.3.0.3 version, and its database is Ecoinvent 3.8. The life cycle impact assessment

The life cycle assessment software used for the carbon footprint calculation of this product is SimaPro v9.3.0.3 version, and its database is Ecoinvent 3.8. The life cycle impact assessment methodology follows the ReCiPe 2016 Midpoint methodology for product life cycle assessment analysis, revealing 18 environmental impact categories.

1. Calculation method of product environmental footprint: environmental footprint = activity intensity data × emission factor
2. The life cycle assessment is to check and calculate the product environmental footprint at each stage of the life cycle (from raw material mining/manufacturing, transportation, manufacturing, distribution, product use and product final disposal) and its supply chain emissions.

Life cycle stage	Allocation method
Raw material acquisition	The calculation of raw materials is according to the actual production quantity (weight) as the basic parameter. The calculation of raw material transportation is multiplying the above parameter by the actual transportation distance from the supplier's production site to Qisda's Suzhou factory.
Production	At production stage, for input, output and emission data, we use "production weight" as the factor to allocate the data to the target product.
Distribution	The actual weight of the target product shipped from the factory to the first distribution point (or warehouse) is multiplied by the transportation distance, and then allocated to a single product.
Use	Allocation according to the sales proportion of each region.
Waste disposal and recycle	The weight is used as the basic parameter for allocation according to the disposal way of each component after disassembling the product.

The functional unit of this product is defined as an LCD monitor (24 inches). The functional unit is based on the LCD product category rules (PCR) announced by the Environmental Protection Administration. When the product is sold, one unit is used as the declared unit. According to the basis, Qisda completes product activity data inventory and environmental footprint quantitative analysis.

The analysis results show that the hotspots of environmental impact mainly occur at the stage of raw materials. Taking the carbon footprint as an example, the life cycle of this product generates a total of 182 kg CO_2e emissions of greenhouse gas. The raw materials acquisition stage accounts for 57.6%. Among all kinds of components, LCD display module (LCM) (75.3%), housing (ASSY) (5.6%), printed circuit board (PCB) (4.8%) and integrated circuit (IC) (1.8%) have higher environmental hotspots.

In the future, Qisda will continue to expand the coverage of LCA for products, establish an operating procedure for LCA, offer professional courses, and internalize knowledge and technology into internal documents and SOPs. Meanwhile, Qisda will train R&D members via software platform to understand the current management status of products and to improve low-carbon products design by analyzing carbon emission hotspots through LCA.

Environmental Impact Assessment Results at Every Stage of the Lifecycle

Impact category	Unit	Environmental impact results					
		Raw material acquisitio	Production	Distribution	Use	Waste disposal and recycle	Total
Carbon Footprints(Climate change)	kg CO2e	1.05E+02	2.03E+00	1.81E+00	7.31E+01	3.73E-01	1.82E+02
Stratospheric ozone depletion	kg CFC11 eq	6.85E-05	4.19E-07	1.28E-06	3.18E-05	9.41E-07	1.03E-04
Ionizing radiation	kBq Co-60 eq	7.69E+00	2.99E-02	3.07E-02	1.14E+01	9.88E-04	1.91E+01
Ozone formation, Human health	kg NOx eq	2.70E-01	5.36E-03	2.10E-02	1.17E-01	6.62E-04	4.15E-01
Fine Particulate matter formation	kg PM2.5 eq	2.38E-01	2.93E-03	7.00E-03	1.35E-01	1.27E-04	3.83E-01
Ozone formation, Terrestrial ecosystem	kg NOx eq	2.84E-01	5.43E-03	2.12E-02	1.19E-01	6.65E-04	4.30E-01
Terrestrial acidification	kg SO2 eq	5.84E-01	6.60E-03	2.10E-02	1.91E-01	3.46E-04	8.03E-01
Freshwater eutrophication	kg P eq	8.40E-02	3.66E-04	3.05E-04	5.02E-02	2.83E-04	1.35E-01
Marine eutrophication	kg P eq	1.35E-01	2.66E-05	8.62E-06	3.40E-03	1.98E-05	1.38E-01
Terrestrial ecotoxicity	kg 1,4-DCB	1.73E+03	2.25E+00	1.82E+01	1.27E+02	1.04E+00	1.88E+03
Freshwater ecotoxicity	kg 1,4-DCB	2.23E+01	6.87E-02	2.48E-02	5.02E+00	4.36E-02	2.95E+01
Marine ecotoxicity	kg 1,4-DCB	2.89E+01	8.66E-02	4.28E-02	6.37E+00	5.96E-02	3.55E+01
Human carcinogenic toxicity	kg 1,4-DCB	1.30E+01	6.48E-02	7.83E-02	4.09E+00	2.62E-02	1.73E+01
Human non-carcinogenic toxicity	kg 1,4-DCB	3.66E+02	1.03E+00	7.28E-01	7.72E+01	7.80E-01	4.46E+02
Land use	m2a crop eq	4.95E+00	2.88E-02	5.96E-02	1.52E+00	9.60E-04	6.56E+00
Mineral resource scarcity	kg Cu eq	1.71E+00	2.48E-03	3.58E-03	1.05E-01	4.12E-04	1.82E+00
Fossil resource scarcity	kg Oil eq	2.54E+01	3.76E-01	5.75E-01	1.96E+01	1.14E-02	4.59E+01
Water consumption	m3	4.55E+00	5.31E-0	2.28E-03	4.53E-01	6.65E-04	5.01E+00

Results of environmental impacts at various stages and their percentage share

Legend:
- Raw material acquisition
- Production
- Distribution
- Use
- Waste disosal and ecycle

Top chart categories:
- Carbon footprint (kg CO2e/Unit)
- Stratospheric ozone depletion (kg CFC11 eq/Unit)
- Ionizing radiation (kBq Co-60 eq/Unit)
- Ozone formation, Human health (kg NOx eq/Unit)
- Fine Particulate matter formation (kg PM2.5 eq/Unit)
- Ozone formation, Terrestrial (kg NOx eq/Unit)
- Tarrestrial acidification (kg SO2 eq/Unit)
- Freshwater eutrophication (kg P eq/Unit)
- Marine eutrophication (kg P eq/Unit)

Bottom chart categories:
- Tarrestrial ecotoxicity (kg 1,4-DCB/Unit)
- Freshwater ecotoxicity (kg 1,4-DCB/Unit)
- Marine ecotoxicity (kg 1,4-DCB/Unit)
- Ozone carcinogenic toxicity (kg 1,4-DCB/Unit)
- Human non-carcinogenic toxicity (kg 1,4-DCB/Unit)
- Land use (m2a crop eq/Unit)
- Maneril resource scarcity (kg Cu eq/Unit)
- Fossil resource scarcity (kg Oil eq/Unit)
- Water consumption (m3/Unit)

Sustainable Supply Chain Management

Under the premise that industries around the world are closely connected and the customers' requirements must be satisfied, the suppliers have become the most important partner of Qisda. Playing the leading role of the alliance, Qisda bears the responsibility of leading the supply chain in marching toward sustainable development. Hence, we establish a systematic sustainability management mechanism for the supply chain. Internally, we raise the level of supply chain management and improve the management process; externally, we stimulate the suppliers' sustainability actions and performance step by step to create mutual benefits and co-prosperity in the industrial chain together. Alongside the suppliers, we move towards the vision of "Bringing Enjoyment 'N Quality to Life."

Qisda provides ODM/OEM services for electronic products, such as consumer electronics and products applicable for commercial, industrial and medical use as well as daily applications. For our major business, we focus on three major aspects: LCDs, projectors and medical services. Upstream mainly refers to the suppliers of different types of parts, components and equipment, while downstream mainly refers to customer brands and end consumers.

Main Industrial Chains of Qisda's Products/Services

	Upstream	Qisda	Downstream
LCD	Glass substrate, color membrane, polarizer, backlight, liquid crystal, target, driver IC	Design and manufacture of panels and displays	Customer brands, brand sales, end consumers
Projector	Color wheel, lens, camera lens, light bulb, light stick, reflective prism, beam splitter, display chip, LCoS panel, MEMS scanning mirror, optical engine	Unit assembly	Customer brands, brand sales, end consumers
Medical Service	Pharmaceutical companies, medical equipment suppliers, medical supplies suppliers and logistics providers	Integration of medical services	Hospitals and consumers

Overview of Supply Chain

The headquarters of Qisda are located in Taiwan. Our suppliers are from countries including Taiwan, Japan, mainland China/Hong Kong, Singapore, South Korea, Malaysia and Vietnam. Additionally, these suppliers have operations across regions includingin Asia, America, Europe and other regions. Overall, we had 1,107 suppliers in 2022. With a selection mechanism, we removed the customers and spot dealers with a transaction amount of less than NT$1 million, making the number of Tier 1 suppliers 718. We disaggregate the suppliers into categories including panel, electronic parts, parts and components, and packaging materials. Through focused suppler relevant conditions, we selected 313 focused Tier 1 suppliers in 2022. We also investigate the conditions of the non-Tier 1 suppliers. In 2022, we controlled the conditions of a total of 145 significant non-Tier 1 suppliers.

- **Supplier:** Referring to product-selling suppliers.
- **Definition of a focused supplier:** A focused supplier is a single supplier that provides key materials, is ranked top 95% in terms of procurement amount, and leads in technologies. Customers, spot dealers and suppliers with a transaction amount of less than NT$1 million are not included.
- **Definition of a high-risk supplier:** We perform risk assessment on the suppliers based on four major aspects: "sustainability action," "labor," health and safety" and "environment." High-risk suppliers are then identified according to the comprehensive assessment

Overview of Tier 1 Suppliers in 2022 (Region)

Asian countries	China	Taiwan	Japan	Others	Subtotal
Number of suppliers	536	131	18	24	709
American countries	USA	Canada		Others	Subtotal
Number of suppliers	3	1			4
European countries	Germany	Italy	Switzerland	Others	Subtotal
Number of suppliers	2	2	1		5
				Total	718

Overview of Focused Non-Tier 1 Suppliers in 2022 (Region)

Asian countries	China	Taiwan	Japan	Malaysia	Singapore	Others
Number of suppliers	119	16	1	1	1	138

European countries	Czech	
Number of suppliers	1	1

	Total	139

Type and Number of Focused Non-Tier 1 Suppliers in 2022 (Product)

Procurement	Electronics	Parts and components	Packaging materials
Number of focused non-Tier 1 suppliers	24	90	25

Number of Tier 1 Suppliers and Percentage in Procurement in 2022

Product	Asia	Europe	America	Subtotal
Panel				
Number of Tier 1 suppliers	24	0	1	25
Number of focused Tier 1 suppliers	15	0	1	16
Percentage of focused Tier 1 suppliers (%)	2.1%	0%	0.14%	2.23%
Percentage of focused Tier 1 suppliers in procurement amount (%)	22.08%	0%	0.01%	22.09%
Electronics				
Number of Tier 1 suppliers	230	3	3	236
Number of focused Tier 1 suppliers	109	0	3	112
Percentage of focused Tier 1 suppliers (%)	15.2%	0%	0.3%	15.6%
Percentage of focused Tier 1 suppliers in procurement amount (%)	22.51%	0%	6.25%	28.75%
Parts and components				
Number of Tier 1 suppliers	372	2	0	374
Number of focused Tier 1 suppliers	155	1	0	156
Percentage of focused Tier 1 suppliers (%)	21.59%	0.14%	0%	21.73%
Percentage of focused Tier 1 suppliers in procurement amount (%)	36.61%	0.06%	0%	36.67%

Product	Asia	Europe	America	Subtotal
Packaging materials				
Number of Tier 1 suppliers	57	0	0	57
Number of focused Tier 1 suppliers	23	0	0	23
Percentage of focused Tier 1 suppliers (%)	3.2%	0%	0%	3.2%
Percentage of focused Tier 1 suppliers in procurement amount (%)	5.4%	0%	0%	5.4%
Consumables				
Number of Tier 1 suppliers	26	0	0	26
Number of focused Tier 1 suppliers	6	0	0	6
Percentage of focused Tier 1 suppliers (%)	0.84%	0%	0%	0.84%
Percentage of focused Tier 1 suppliers in procurement amount (%)	0.17%	0%	0%	0.17%
Total				
Number of Tier 1 suppliers	709	5	4	718
Number of focused Tier 1 suppliers	308	1	4	313
Percentage of focused Tier 1 suppliers (%)	42.9%	0.14%	0.56%	43.59%
Percentage of focused Tier 1 suppliers in procurement amount (%)	86.76%	0.06%	6.26%	93.07%

› Framework for Sustainable Supply Chain Management

Qisda establishes a complete framework for sustainable supply chain management. First, we explicitly notify the suppliers about the sustainability specifications and ask them to ensure compliance with relevant requirements. Then, we assess sustainability risks in different aspects through the sustainability risk assessment system for suppliers, and review the risks that the supply chain is facing. Finally, we perform counseling and capacity building regarding the supply chain based on the problems it faces as well as the important strategies of the industry's and the Company's future development in the hope of improving alongside the suppliers and moving forward to a sustainable future.

⏣ Framework for Sustainable Supply Chain Management
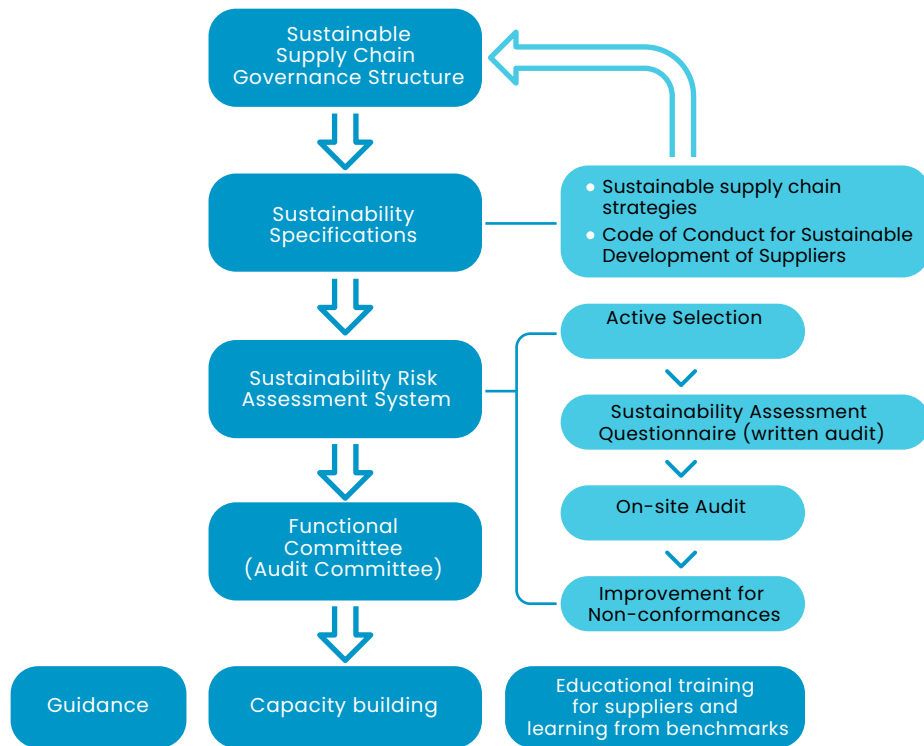
Governance Structure

Qisda continues to focus on the development and management of the supply chain. Not only do we report the daily management performance at the quarterly ESG Committee meeting, but the Chief Sustainability Officer also reports the implementation results and performance of the sustainable supply chain to the Board of Directors annually. At the same time, the Board of Directors guide and make decisions for the development of the sustainable supply chain to make sure that the management of the sustainable supply chain complies with the Company's overall sustainability strategy.

⏣ Organizational and Management Structure of the ESG Committee
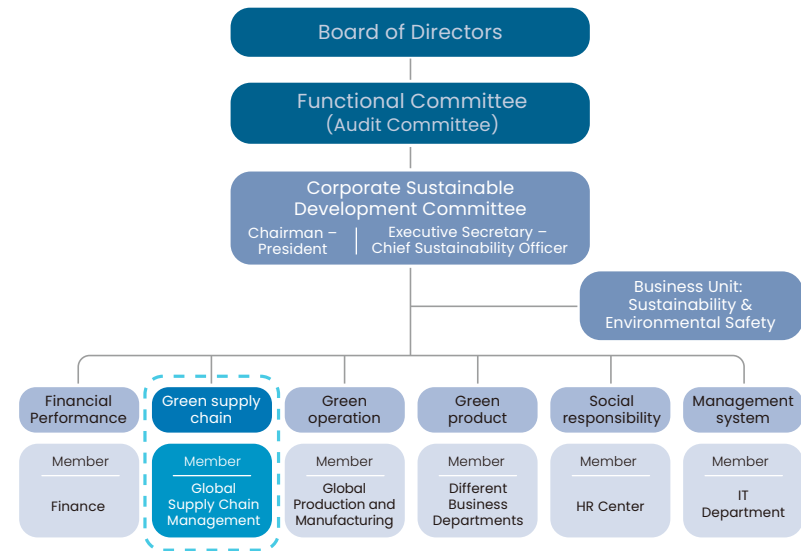
Qisda's Training for Internal Personnel

Every year, all of Qisda's procurement personnel undergoes sustainability related education and training, including awareness courses and ethics training as well as educational training for intellectual property management and specifications, information security, health and safety, and risk management based on the RBA's Code of Conduct and SA8000 Social Accountability Standards. This is to let the procurement personnel continue the improvement of the professional capabilities that sustainability requires, and further apply these to sustainable supply chain management. During the process of participating in supplier

relevant inspections for selection, regular evaluation, sustainability risk assessments, identification of high-risk suppliers, audits, counseling and improvement, the procurement personnel can leverage their professional capabilities and facilitate the sustainable development of the supply chain.

With respect to the aforementioned sustainability related education and training courses, there were a total of 1,469 procurement personnel who should participate in the training in 2022, all of which had completed the courses, meaning that 100% of the procurement personnel was covered in the training. The total training hours reached 1,188 hours.

Sustainability Specifications

Sustainable Supply Chain Strategies

Qisda believes that promoting sustainable supply chain management is important to the development of the Company. Thus, we establish sustainable supply chain strategies as the highest principles for compliance. In addition to quality, speed, innovation/technical capabilities, delivery and cost, we include ESG into the strategies and persist in promoting them to increase the overall sustainable value of the supply chain.

Code of Conduct for Sustainable Development of Suppliers

With reference to relevant international specifications and initiatives including the RBA's Code of Conduct, social accountability standards (e.g. SA8000), the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights and the Ten Principles of the UN Global Compact, Qisda has established the "Code of Conduct for Sustainable Development of Suppliers" that includes labor, health and safety, environment, ethics and management systems. We even add biodiversity and zero-deforestation commitments in the environmental aspect to reduce environmental impacts. We require that all suppliers understand the content of the "Code of Conduct for Sustainable Development of Suppliers" as well as complying with its requirements. We also include the suppliers' implementation status in the major assessment items for procurement-related decisions. At the same time, Qisda asks the suppliers to develop their own specifications/Code of Conduct regarding sustainability and communicates our requirements to them, ensuring the sustainability of the overall value chain.

Sustainability Risk Assessment System

Active Selection

The suppliers' performance on sustainability affects our reputation indirectly or becomes a potential risk. Hence, we establish new assessment conditions for the selection of suppliers, actively selecting suppliers to reduce relevant risks. The assessment factors include ESG, operation, located country, industry, product, etc. Where a major international event happens, we investigate and understand the status of the region, industry and source of supply that are involved in the major event.

Aspects of Qisda's "Corporation Code of Conduct for Sustainable Development of Suppliers"

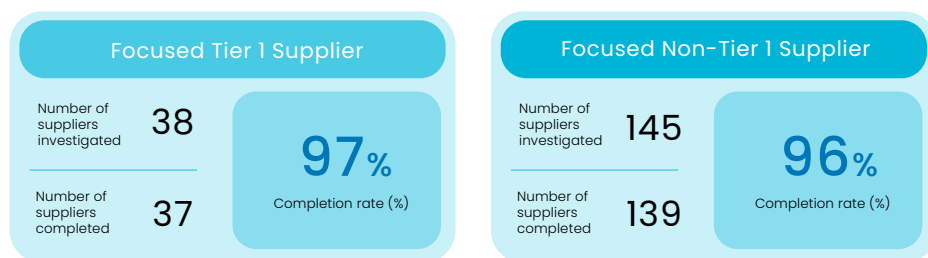| Labor	Health and Safety	Environment	Ethics	Management System
○ Human rights risk situations ○ Freedom to choose an occupation ○ Child labor and teen workers ○ Work hours ○ Wage and welfare ○ Humane treatment ○ Anti-discrimination/anti-harassment ○ Freedom of association ○ Dismissal	○ Occupational safety and industrial hygiene ○ Emergency response ○ Occupational injuries and diseases ○ Manual labor and machine protection ○ Public sanitation, food and housing ○ Communication and complaint	○ Approval and repor ○ Prevention of pollution and resource saving ○ Hazardous substance ○ Waste and exhaust ○ Water management ○ Material limitation ○ GHG & energy consumption ○ Biodiversity	○ Business ethics ○ Prohibition/recusal of improper benefits ○ Information disclosure ○ Property rights ○ Fair trade, advertisement and competition ○ Whistleblower protectio ○ Responsible procurement ○ Information security and Privacy	○ Commitment and responsibility ○ Risk management and improvement targets ○ Awareness, communication and complaint ○ Assessment, correction and documented record ○ Supplier responsibility

Item	Content
Environmental	Document of control over non-hazardous substances, carbon footprint investigation, probable VOCs related carcinogens, investigation into compliance with the US TSCA regulation regarding the five PBT substances
Social	Human rights, ethics and labor rights
Governance	Financial status, operational competitiveness, conflict minerals investigation
Operation	Basic information, product information, major customer, production and equipment status, investment, and continuous product planning
Located country	Status of the supply (whether it is affected) in the located region, conflicts between countries (military and coup related problems), local restrictive policies, natural disasters and epidemic
Industry	Investigations of the RBA's Code of Conduct and sustainability risks
Product	Procurement amount, types of products provided

Sustainability Assessment Questionnaire (Written Audit)

In order to continuously control the conditions of sustainability risks in the supply chain, starting from 2022, Qisda has started to distribute sustainability assessment questionnaires (SAQ) to Tier 1 and non-Tier 1 suppliers and require them to fill out the questionnaire as well as submitting relevant evidence. The sustainability assessment questionnaire (SAQ) has four major aspects: "sustainability action," "labor," health and safety" and "environment" with a total of 58 questions. It also collects relevant written data. Through continuous distribution and recovery, we will collect and analyze the results gradually in the hope of identifying potential high-risk suppliers and further performing management. As of March 2023, we had distributed 183 questionnaires to the focused Tier 1 and non-Tier 1 suppliers, and recovered 176 of them with a recovery rate of 96%.

▯ **Overview of Sustainability Assessment Questionnaire in 2022**

Focused Tier 1 Supplier	
Number of suppliers investigated	38
Number of suppliers completed	37
	97% Completion rate (%)

Focused Non-Tier 1 Supplier	
Number of suppliers investigated	145
Number of suppliers completed	139
	96% Completion rate (%)

On-site Audit

To confirm the status of supplier risks, we plan to confirm the risks with four methods such as written audit, on-site second-party audit, on-site third-party audit and assessment based on industry relevant standards to further control the suppliers' sustainability risks. In 2022, we mainly adopted written audits and industry relevant standards (e.g. RBA VAP) to confirm the status of sustainability regarding the suppliers.

Audit Methods	Description
Written audit	Assess the status of supplier risks through the data recovered from the sustainability assessment questionnaire.
On-site second-party audit	The supplier or consultant conducts on-site audits on its upstream suppliers.
On-site third-party audit	An independent third-party verification agency performs on-site audits.
Industry relevant standard	Conduct written or on-site audits in accordance with industry relevant standards or specifications.

According to the audit results with respect to 37 focused Tier-1 suppliers in 2022, Qisda made statistics of non-conformance in the five major aspects: labor, health and safety, environment, ethics and management systems. In addition, we disaggregated non-conformances by priority and other levels. During the audit, we did not identify any priority non-conformances of focused Tier 1 suppliers. For non-conformances at other levels, the aspect of health and safety had the highest percentage in total non-conformances at 76.33%, followed by the labor aspect, which occupied 14.79%. The management system aspect had 5.33% while the environment aspect accounted for 2.37%. The ethics aspect had the lowest percentage, accounting for 1.18% of total non-conformances.

▯ **Statistics of Non-conformance in Audits for Focused Tier 1 Suppliers in 2022**

	Labor	Health and safety	Environment	Ethics	Management system
Incompliance of prioritized deficiencies	0%	0%	0%	0%	0%
Incompliance of other deficiencies	14.79%	76.33%	2.37%	1.18%	5.33%

Improvement for Non-conformances

With respect to non-conformances after audits, Qisda requires the suppliers to propose action plans within the time limit. Then, we provide suggestions for improvement and counseling to the suppliers in order to complete the improvement as soon as possible. In 2022, Qisda provided counseling to a total of 37 suppliers, all of which were focused suppliers, to complete improvement.

⧉ **Non-conformance Improvement Actions for Supplier Audits in 2022**

Aspect	Topic	Improvement Action
Labor	Anti-discrimination/ anti-harassment	Cancel age restrictions in recruitment advertisements and enhance anti-discrimination education and training
Health and safety	Occupational injuries and diseases	Renew the expired drugs in first aid kits
	Safety at work	Order relevant personnel to put on protective equipment in line with regulations
	Emergency response	Mark emergency assembly points on evacuation diagrams
Environment	preparedness	Attach labels to hazardous waste in accordance with regulations
	Hazardous substance	Use secondary containers that prevent leakage for chemicals and disseminate this to the personnel
thics	Solid waste	Classify solid waste and enhance the dissemination and explanation of waste classification
Management system	Identity protection and prevention of retaliation	Place the complaint mailbox outside the monitored spaces
	Management duties and responsibilities	Train department heads again in terms of occupational disasters
	Improvement targets	Establish and implement target management procedures and plans

Supplier Sustainability Improvement

Educational Training for Suppliers

In December 2022, the BenQ Qisda Group held the Joint Carbon Reduction Meeting and Workshop for ESG Sustainability Action. We not only committed ourselves to the comprehensive use of renewable energy by 2040, but also intended to reach the goal of net zero by 2050. We actively collaborated with the alliance as well as our 400 suppliers to reduce carbon and support the carbon reduction advocacy. By doing so, we showed our actions on sustainability to be in line with international standards. During the meeting, three experts were invited to provide lectures on themes such as "Challenges of ESG and Net Zero," "Analysis of ESG Competitiveness" and "Net Zero Emissions and Reduction Practices," allowing the suppliers participating in the activity to gain a deeper knowledge of sustainability requirements and planning. Furthermore, Qisda awarded the 29 suppliers that were deemed outstanding in sustainability performance during the assessment with the "Qisda Outstanding Supplier in Sustainability Award" at the meeting. By doing so, we not only recognized their efforts and achievements in the field of sustainability, but also encouraged all suppliers to follow their examples.

In line with our commitments along with the goal of collaborating with the alliance and reducing carbon with the supply chain partners, the BenQ Qisda Group has especially established the "Workshop for ESG Sustainability Action." Through the BenQ Foundation' s platform, we start with GHG inventory and hired professional lecturers to open educational training and courses on it. We expect to arrange 20 batches of online educational training courses on ISO 14064-1 with 60 participants per batch in 2023 for all suppliers to participate. By the end of 2023, the training on GHG inventory will expectedly be completed for 1,200 suppliers, thereby enhancing their capabilities of inventorying GHG emissions. We will also help the suppliers set up carbon reduction targets, manage energy effectively and implement actions for carbon reduction in the hope of facilitating our movement forward the goals of energy saving, carbon reduction and common good.

Benchmark Learning of Suppliers

During the Joint Carbon Reduction Meeting, Qisda invited chairpersons of benchmark suppliers, which were "major panel manufacturers," to share their extensive practical experience in energy saving and carbon reduction, including:

1. **Green design:** Adding green elements in the stages of purchase of raw materials, manufacturing, design and recycling.

2. **Organization promotion:** Processes and ideas of long-term deployment such as the establishment of the CSR committee in 2013 as well as the establishment of the Sustainability Headquarters and appointment of the Chief Sustainability Officer in 2018.

3. **Green business opportunities:** Subsidiaries' actual performance in transforming crises into opportunities. For example, the subsidiary that specializes in wastewater recovery begins to conduct carbon inventory and management for other companies while AI relevant digital technologies are used to help companies improve manufacturing processes and efficiency, further achieving energy saving and carbon reduction.

By inviting benchmark suppliers to share their outstanding performance and experiences, Qisda allowed all suppliers to learn and grow together.

Supplier Capacity Building

To enable the suppliers to improve continuously in terms of sustainability performance, Qisda has initiated supplier capability development projects. For each project, collaborations and resource investments are implemented for more than 6 months in the hope of enhancing the sustainability performance of the suppliers.

Supplier Sustainability Project

Qisda hopes to develop stable partnerships with the suppliers, continuously improve the resilience of the overall supply chain, and practically implement responsible procurement. Therefore, in daily procurement operations, we not only take costs, quality and technical capability into consideration, but also assess the overall sustainability value created by the supply chain. We work with the suppliers and grow persistently, and further spread this to the entire supply chain. In recent years, various projects with respect to responsible procurement and improvement of diverse sustainable supply have been launched. Through the comprehensive implementation of these projects, we collaborate with the suppliers and realize a sustainable future.

Name of Capacity Building Project

Carbon Inventory of Suppliers

We have assisted three suppliers in capacity building in terms of GHG inventory. Relevant educational training, guidance and communication has been implemented since July 2022, aiming to cultivate the suppliers' capability to perform GHG inventory. During this period, Qisda's personnel responsible for the projects has helped confirm the GHG emissions inventory results of each supplier in 2021, and assisted the suppliers in planning the GHG inventory and third-party verification schedules for 2023. This is to accompany the suppliers during relevant processes and establish their capabilities in inventorying themselves in the future.

Name of Capacity Building Project

Continuous Improvement Program

In 2022, Qisda collaborated with 12 suppliers in H1 and with another 12 in H2, totaling 24 participating suppliers, and launched a 6-month "Continuous Improvement Program (CIP)." The Program focused on various themes, such as improvement of operational efficiency and product design as well as customers' satisfaction of the product. Qisda worked with the suppliers and analyzed causes of problems, established and implemented improvement measures, and evaluated the benefits of the Program. In this Process, we not only optimized our existing approaches, but also trained the suppliers and improved their capabilities of problem analysis and solving.

Introduction of Water-based Eco-friendly Paint

Goal
Meet the requirements of the customers and local transformation policies in response to global sustainability related revisions and appeals; improve competitiveness and comply with global sustainability strategies in response to the rise of awareness of environmental sustainability.

Indicator
Prohibition of all suppliers from using volatile organic raw materials.

Benefits
A total of 1,101 suppliers were inspected, 1,095 of which had signed the Statement of Compliance with Water-based Paint. Six non-compliant suppliers were replaced, meaning that water-based paint had been introduced to the whole supply chain. We also ensured that the Company's products comply with laws and regulations, and that the shipment was not affected.

AOI/VRS Defect Rate Improvement

Goal
Improve the PCB yield rate and reduce scrapped PCBs as the PCB manufacturing process is a key source of pollution in the technology industry.

Indicator
Decrease in scrapped PCBs, process, broken and short circuit issues; reduction of the defect rate from 1.3% to 0.65%.

Benefits
By reducing the size of developer rollers, dry films and developer filters for AOI/VRS as well as setting a unified specification, the product yield rate was reduced from an original 1.3% to 0.62%.

Small Panel Yield Rate Improvement

Goal
Goal: Reduce the panel scrap rate and material waste to increase the customers' satisfaction with product quality.

Indicator
Decrease in the defect rate from 6.08% to 1%.

Benefits
By improving the stirring time of the DOE silver paste, changing the diameter of needles, and improving the dispensing process, we reduced the product yield rate from 6.08% to 0.58%.

Introduction of Materials Recovered From Plastic and Iron Parts

Goal
Use eco-friendly materials for product design, and use recovered materials that contain 15%, 35%, 85% and 90% plastic as well as recovered materials that contain 13% and 15% iron.

Indicator
Use of recovered plastic/iron for product design every year.

Benefits
30% recycled content in plastic: NT$ 36.593 million

35% recycled content in plastic: NT$ 164.7774 million

65% recycled content in plastic: NT$ 5.259 million

85% recycled content in plastic: NT$ 325.74 million

90% recycled content in plastic: NT$ 21.53 million

13% recycled content in iron: NT$ 1.2604 million

15% recycled content in iron: NT$ 1.167 million

Total amount: NT$ 556.3million

Enhancement of the Supply Chain's Compliance With the Toxic Substances Control Act (TSCA) of the U.S. EPA

Goal
Inspect whether the manufacturing (including imports), processing and/or distribution related requirements of the five chemicals: DecaBDE, PIP, TTBP, HCBD and PCTP are met.

Indicator
Inspection of all suppliers involved in transactions for the use of volatile organic raw materials, and signature of declarations.

Benefits
For the safety and sustainability of the whole supply chain, your company should make sure that the requirements of the Act are fully met, and disclose to Qisda the use or involvement of the five chemicals or any relevant substance during the manufacturing and/or supply of your products. Furthermore, in 2021, the suppliers were required to sign declarations, make compliance reports, and replace non-compliant suppliers and suppliers with potential risks. A total of 1,168 suppliers were inspected.

Supplier Rewarding and Elimination Mechanisms

Qisda has established supplier rewarding and elimination mechanisms to encourage the suppliers to accelerate and march towards sustainable development. Through relevant evaluation systems, we identify suppliers with outstanding performance in sustainability and provide them with a higher proportion in procurement along with priority in adopting their new products. We eliminate suppliers with poor performance in order to facilitate joint improvement and growth in the industrial chain.

Rewarding Mechanism

Dimensions of evaluation:
quality, innovation/technology, speed/response, delivery, cost leadership and ESG. Serving to select and manage the suppliers, this mechanism has 5 levels ranging from A (over 90 points) to E (lower than 60 points). It also includes ESG relevant factors such as sustainability, health, labor, environment and green products, which occupy 21.6% in grading.

Frequency: semi-annual

Rewarding measures:
According to the evaluation results, excellent suppliers ranked Level A may have a higher proportion in procurement and priority in the adoption of new products after being confirmed by the review team.

Elimination Mechanism

For the suppliers ranked Level D or below, we not only reduce their proportion in procurement depending on the situation, but also require them to devise improvement plans and perform stricter incoming inspections. The elimination mechanism is as follows:

- The suppliers ranked Level D (or below) twice in a row will be required to undergo the supplier selection and management operation again at the discussion meeting of the evaluation. Based on the results, discussions over whether the suppliers shall be disqualified for future collaborations with Qisda will be made.
- The suppliers ranked Level E twice in a row will be disqualified for future collaborations at the discussion meeting of the evaluation.

KPI Goals for Sustainable Supply Chain and the Performance Achievement

Sustainable Supply Chain KPIs	2022	
	Performance	Goal
Number of audited suppliers or percentage of audited focused suppliers (%)	97	100
High-risk/focused supplier audits	37 suppliers	38 suppliers
Non-conformance improvement counseling in supplier audits	37 suppliers	37 suppliers
Supplier capacity building	24 suppliers	24 suppliers
Written inspections of human rights, environment and labor behavior for new suppliers	100%	100%
Written inspections of conflict minerals for new suppliers	100%	100%

Reason of goal-failure in high-risk/focused supplier audits: A supplier failed to cooperate in the inspection.

Local Procurement

Qisda dedicates itself to realizing the idea that "the purpose of a company' s existence is to create sustainable value that can contribute to human society and further bring positive effects." As the flagship company of the alliance, we strive to improve the resilience of the supply chain and move toward sustainable development as well as the vision of "Bringing Enjoyment ' N Quality to Life" together with the overall supply chain. We set up a supply chain protecting environment, human rights, safety, health and sustainable development with suppliers in a responsible and proactive manner. To work more closely with them, Qisda also strives to implement local procurement to improve the efficiency of material supply and support local economic development. In 2022, the local procurement percentage in China was 73.8%*, the local procurement percentage of the plant in Vietnam was 12.7%*, and the local procurement percentage of the plant in Taiwan was 57%*, which significantly increased by 24% compared with the same period last year.

Local Procurement of Qisda
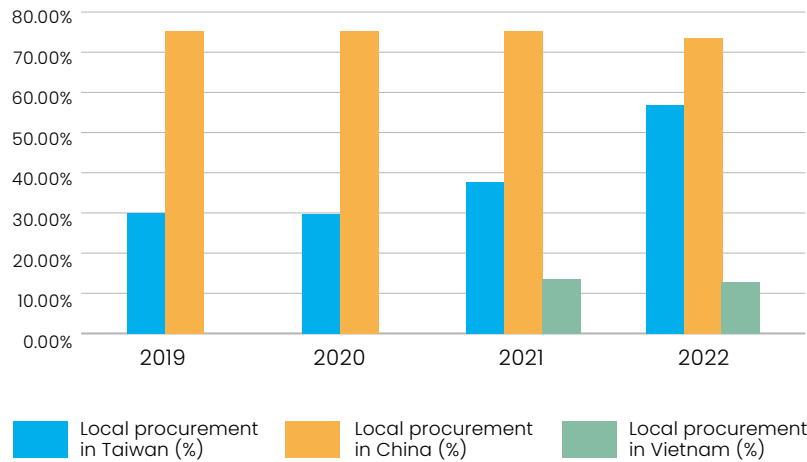
Region	Type of Procurement	2019	2020	2021	2022
Taiwan	Local procurement (%)	29.8%	38%	32.8%	57%
	Non-local procurement (%)	60.2%	62%	67.2%	43%
Mainland China	Local procurement (%)	75.3%	75.3%	73.7%	73.8%
	Non-local procurement (%)	24.7%	24.7%	26.3%	26.2%
Vietnam	Local procurement (%)	N/A		13.5 %	12.7%
	Non-local procurement (%)	N/A		86.5%	87.4%

Legend:
- Local procurement in Taiwan (%)
- Local procurement in China (%)
- Local procurement in Vietnam (%)

Management of conflict minerals

As the research reports of SOMO and Enough, two international non-governmental organizations point out, the Congo has been facing the most serious death conflict since the second world war, and this conflict is attributable to the demands of the electronics

Qisda's Conflict Mineral Management Progress

2011
Qisda asked suppliers to sign the Conflict Mineral Investigation Commitment Letter for the first time.

2011
Qisda adopted the Conflict Minerals Reporting Template developed by the RBA and GeSI and performed the conflict mineral investigation among the suppliers. Qisda also requested suppliers to undertake not to use minerals from conflict mining areas.

2012
Qisda installed a conflict mineral investigation system in response to the US Conflict Mineral Act, which requires disclosure of the metal from conflict mining areas, if any, in the products.

2013
The system was used for the conflict mineral investigation among the suppliers for the first time.

2016
The words to encourage the smelter submitted by the suppliers to become a qualified smelter under the Responsible Minerals Assurance Process (RMAP) were indicated in the buyer's PO for the first time.

2017
The smelters of products were identified and listed in line with the Conformant Smelters List announced on the official website of the Responsible Minerals Initiative (RMI). Conflict mineral investigations were also conducted through Qisda's Conflict Minerals System, which required the suppliers to disclose sources of minerals and sign the Conflict Minerals Commitment. The smelters of products provided to Qisda were subject to the RMAP list.

industry for the rich metal mines in east of the Democratic Republic of the Congo The behavior of an electronics company that uses the metal mines procured from the conflict mining area in the Congo is equal to a support for these conflict actions. For this, the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI) request their members to perform a responsible purchasing procedure to ensure the metal pur-chasing process meets the requirements of the social and environmental responsibilities.

Qisda, being a global citizen, supports the boycott activities of the international society for conflict minerals and establishes the Qisda Conflict Mineral Commitment. In addition, we refer to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of the Organization for Economic Cooperation and Development and work with the suppliers to perform conflict mineral investigations in order to prevent direct or indirect purchase of the conflict minerals by the suppliers. We have developed an internal management procedure. After the review, we return the documents to the suspected supplier for confirmation. In case of confirming that the supplier uses a smelter not listed in the Responsible Minerals Assurance Process (RMAP), we will ask it to fill in the implementation plan and inform it of related risks. In 2022, a total of 206 suppliers were investigated, making the completion rate of the investigation 73.3%.

Implementation Process of Conflict Mineral Investigations
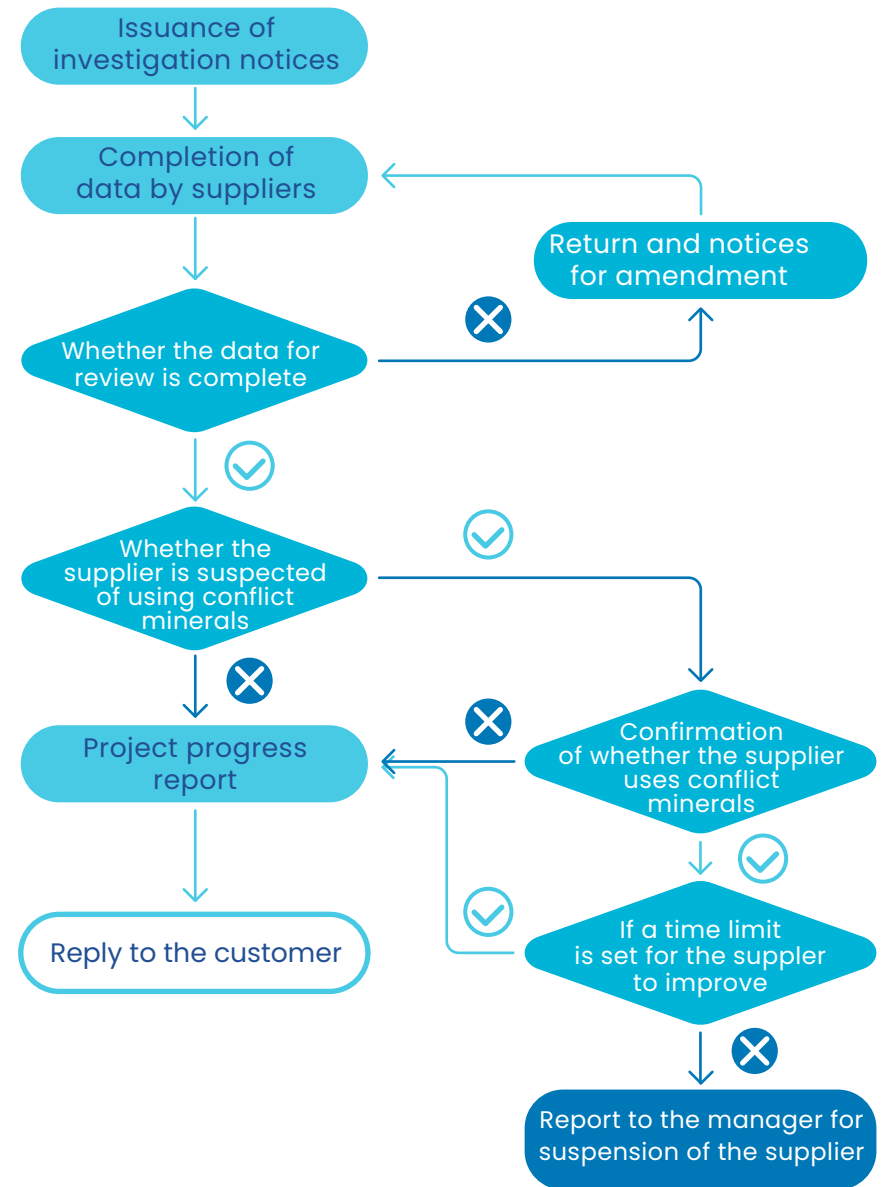
Trust in Customer Relationships

With the enhancement of satisfaction of our customers and business partners as the top priority, Qisda has conducted surveys through questionnaires to learn about the customers' and our business partners' scores for our commitment to delivery time, costs, technology, quality, customer service, related regulations, and overall evaluation to constantly ensure that the customer demands are met. To promptly respond to and meet the various demands from the customers, Qisda has set up a Customer Service Division (CSD) to listen to the voice of customers thoroughly and solve their problems. The customers can provide feedback through the communication mailbox on the Company's website. In 2022, we received a feedback message in which the customer recommended that we add contents of communications in the ESG Report, and we had responded within 24 hours.
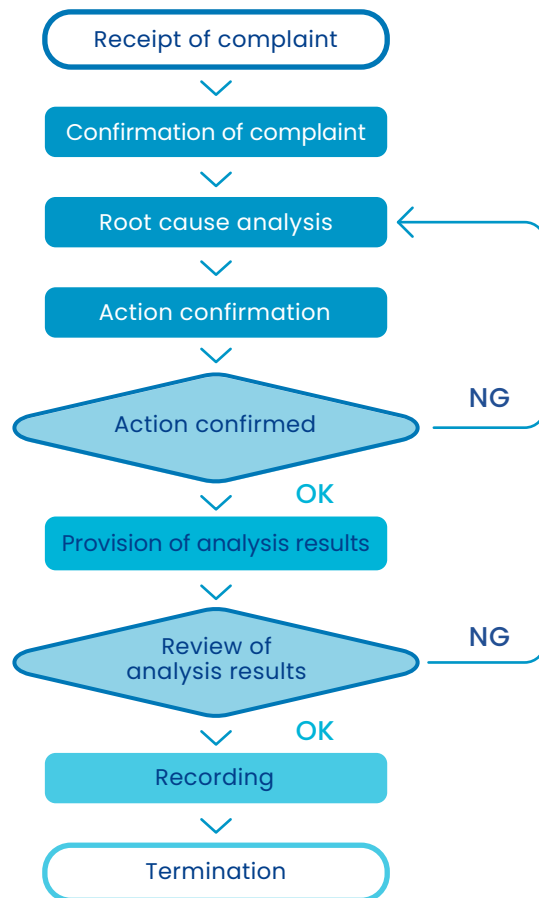
Customer Commitment

❭ Customer Satisfaction Survey

To ensure that the customer demands are understood and satisfied, Qisda carries out a full-scale customer service satisfaction survey on January and July every year. The CSD sends notification emails to the contact persons of the customers, inviting them to give ratings at Qisda's questionnaire survey system. The rating results are collected by the CSD and then delivered to the responsible departments, which then work with high-level executives to review the customer feedback according to the survey results, and thereby work out improvement measures for the enhancement of product and service quality. Qisda scored 96 points in average according to the customer satisfaction survey results for each product line in 2022, showing that Qisda's performance on customer service and satisfaction had won the great recognition from customers.

Customer Satisfaction in the Most Recent 4 Years

	2019	2020	2021	2022	Goals for 2022
Customer satisfaction score (points)	95	95	95	96	92
Customer coverage rate (%)	100	100	100	100	100

2022 Customer Satisfaction Survey Results (Points)

Displays	96
precision optics	94
Manufacturing services	93
Medical image Digital fashion	100
Design center	98
On-board products	95

❭ Privacy Protection

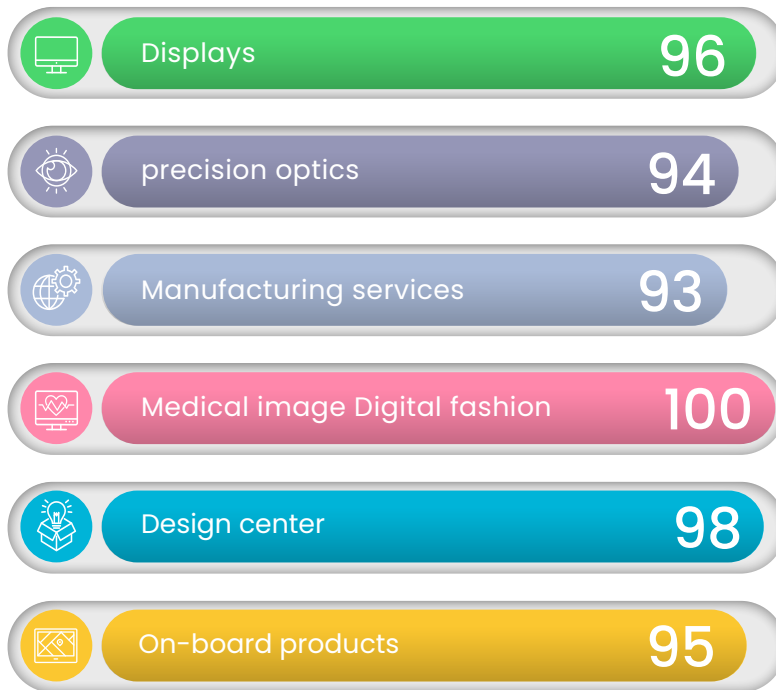Qisda values and strives to protect privacy and personal data. Referencing to local laws and regulations related to protection of the right to privacy of each operation location along with the EU "General Data Protection Regulation (GDPR)," we have established privacy policies to protect all personal data. We also required the subsidiaries, joint ventures, suppliers, contractors, external consultancies and subcontractors to meet the policies in the hope of protecting the right of the personal data owner.

For private information collected and used for business needs, Qisda has set specific collection/addressing/utilization purposes and the scope of personal data as well as restrictions of sharing, cross-border transfer, a data protection system and the data retention period to make sure that the protection for the right to privacy and personal data is implemented. At the same time, we include the right to privacy in the scope of risk management. The Risk Management Committee implements monitoring and management based on the policy of risk management, and control risks by including the overall system in the scope of internal control. If there is any question about the privacy policy, please direct it to the specified responsible unit. To protect the right of the personal data owner, please file the complaint or disclosure by calling (03) 359-8800, faxing to (03) 359-9000, or emailing to Grace.Wu@qisda.com if there is any opinion or question related to the right to privacy.

In 2022, Qisda provided two courses relevant to the right to privacy with the title of (1) Personal Data Protection Act and (2) GDPR_Manual for Personal Data Protection and Management respectively. Every worker had to participate in the courses, and 6,000 employees were trained for 6,000 hours.

To ensure the effectiveness of current management methods, we regularly verify whether there are any incidents of data losses occurring each year. Should there be any, we will launch a full-range review. In 2022, no complaint was received due to the occurrence of incidents related to data loss or leak. We only utilize the collected data within the scope where it is necessary and do not use the personal data twice.

Number of complaints about personal data leaks	2019	2020	2021	2022
External agency	0	0	0	0
Customer reflection	0	0	0	0

Process of Personal Data Processing and Reporting

Personal Data Processing Flowchart

Personal data owner | Personal data processor | Description of operation

Data → Collection and utilization

The data subject understands the purpose of collection and signs the Statement of Personal Data Use when providing the data.

Deletion | File creation for custody

If the purpose of collection no longer exists, the data shall be deleted in accordance with regulations. If not, the data shall be stored properly.

subject →

Response to the request

According to Article 3 of the Personal Data Protection Act, a data subject has the right to make an inquiry, and it shall not be rejected or waived in advance unless the following conditions occur:

1. When the purpose of collection exists.
2. According to the Labor Standards Act, data shall be retained until 5 years after resignation; within this period, any inquiry for data deletion may be rejected.

End

Transformation

Environmental policy and management

Climate adaptation and mitigation

Energy use and saving

Utilization of water resources

Waste cycle

Pollutant

Biodiversity and forest conservation

Environmental Policy and Management

Qisda knows that the impact of human beings on the environment is irreversible, and only focusing on the economic and social development is not sufficient to meet the expectations of the stakeholders. Hence, Qisda invests resources and is dedicated to energy saving and carbon reduction in the product design to ensure both products and processes can save more energy and are more friendly to the environment. Qisda guarantees to manufacture the products that are compliant with relevant laws and meet the requirements of the customers for health and safety, and ensur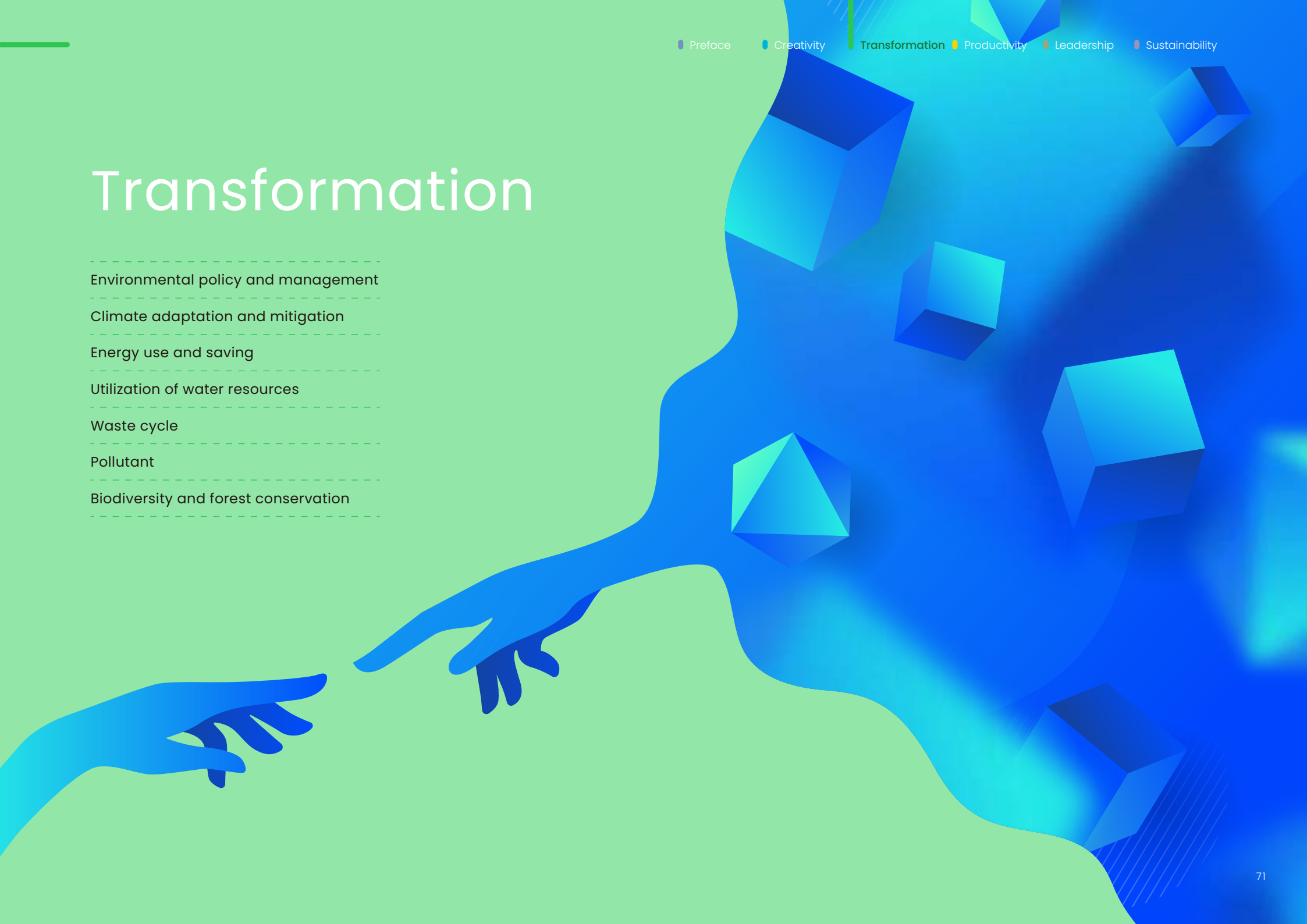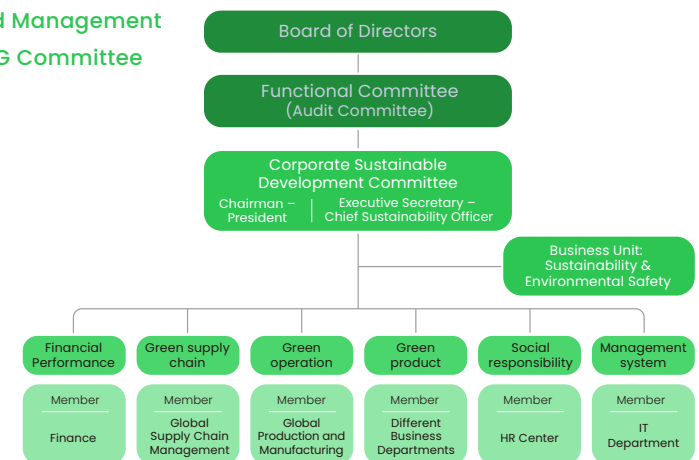es the continuous improvement in the environmental protection, quality, health and safety based on the management system. In the future, Qisda will continue performing environmental management as planned. We will give support to our subsidiaries continuously and duplicate successful verification and certification experiences to improve the capabilities in the management of the environment and safety and acquire the ISO 14001 environmental management certificate progressively. The number of environmental violations in the recent 4 years is:

Number of environmental violations

2019	2020	2021	2022
0	0	0	0

Climate Adaptation and Mitigation

Fossil fuels have been used to a great extent since the industrial revolution and a great amount of carbon dioxide and other greenhouse gases have been generated as a result. This worsens the greenhouse effect and leads to a rise in the average temperature on the planet. Further, the rising temperature brings about sea level rise, changes the rainfall and climate in some areas, and even alters the entire ecosystem. Climate change has significantly affected the living environment of all the organisms. More people are concerned about the carbon management issues as the domestic regulations on the reduction of greenhouse gases and the international Paris Agreement have become effective. Hence, in addition to checking the business operations that may be affected by the climate change, Qisda has planned climate strategies and implemented carbon management with the sustainable development of the Company as the core. We have referred to the recommendation framework of the Task Force on Climate-Related Financial Disclosures (TCFD) to assess the risks and opportunities and formulate countermeasures under the risk of climate change in a progressive manner. Every year, we regularly illustrate the results of sustainability development and the performance of reduction to the stakeholders through sustainability reports. Qisda also shows concern about the issue of climate change and its management methods by actively participating in the survey under the international Carbon Disclosure Project (CDP), and Qisda has been recognized by many for taking this action.

Organizational and Management Structure of the ESG Committee

- Board of Directors
- Functional Committee (Audit Committee)
- Corporate Sustainable Development Committee
  - Chairman – President
  - Executive Secretary – Chief Sustainability Officer
- Business Unit: Sustainability & Environmental Safety

Financial Performance	Green supply chain	Green operation	Green product	Social responsibility	Management system
Member	Member	Member	Member	Member	Member
Finance	Global Supply Chain Management	Global Production and Manufacturing	Different Business Departments	HR Center	IT Department

Governance

a. The Board's oversight of climate-related risks and opportunities

Qisda attaches importance to impacts caused by climate-related issues. Considering that the scope of impact covers every aspect of implementation as well as the Company's future development, the Chair of the Board monitors these impacts in person to ensure that the Board understands the meaning of climate change issues to the Company's sustainability. With the effective, internal top-down management, we have also connected the ESG performance, level of achievement, the CSO, and the remuneration to senior managers based on KPIs. The Company has decided to establish a long-term remuneration plan for the Chairman, CEO, President and other senior managerial officers starting from 2023. This plan is connected to the ESG performance (corporate governance, social engagement and environmental sustainability performance indicators) and grants long-term reward and compensations based on the achievement status of ESG performance targets every year. Taking the President for example, the compensation is estimated to account for up to 10% of his total remuneration of the year.

b. Management's influence in assessing and managing climate-related risks and opportunities

As climate issues become more and more severe, and paying attention to climate risks complies with Qisda's overall sustainability goals, the Company deems climate-related risks immediate and highly important, and designates the ESG Committee to promote sustainability related developmental affairs. Relevant issues are discussed at the senior managers' meeting on a quarterly basis, and a report is made to the Board of Directors once a year. The Board has committed itself to achieving net-zero targets by 2050 (it already committed to join the SBTi in 2022). Please refer to the chapter "Metrics" for details. In Qisda's risk management mechanism, in addition to the risk radar chart and assessment of the annual Top 3 risks at the management level, there is also an assessment with a risk checklist at the operational aspect that includes all important business units. Based on the major operational function of each unit, potential operational-level risk assessments are carried out. In 2022, the risks of climate change was included in the assessment. We assessed the transformation and physical risks that each unit might face, and chose appropriate scenarios for possible disclosure of financial impacts.

Strategy

a. Identified climate-related risks and opportunities over the short, medium, and long term

Qisda has defined the period for the short term (2021–2025), medium term (2026–2030), and long term (2031–2050). Adopting the climate scenarios of the RCPs, we have identified 7 transformation risks, 3 physical risks and 8 opportunities. Through the creation of a climate risk matrix, we have completed the management of climate risks and the establishment of countermeasures. The climate risk matrix can help Qisda better understand the impact of climate change on our business as well as guiding the Company on how to respond to and manage risks while climate changes in the future. In this matrix, risks are divided into two major aspects: "impact" and "frequency," and then classified as "low," "low-medium," "medium," "medium-high" and "high" according to their levels. The impact duration of each climate risk is also identified in advance, enabling Qisda to estimate the duration of impacts on our operations more accurately when facing climate risks. Please refer to the 2022 Qisda Matrix of Climate Change Risks and Opportunities.

b. Climate-related risks and opportunities that have significant impacts on business, strategies and financial plans

We have not only inventoried climate-related risks and opportunities, but also calculated and listed the potential impacts that these risks and opportunities may have on our business, strategies and finances.

Based on the identified climate risks and opportunities, the responsible department manages the "risk content," "potential impacts on business, strategies and finances," and "adaptive and responsive actions," which serve as references for Qisda when setting up relevant hedging and risk control measures (please refer to the following paragraphs on climate-related risks and financial impacts).

c. Taking different scenarios of climate change into consideration

Qisda's 2° C scenario is a simulation of the RCP 2.6, 4.5 and 8.5 climate scenarios of the UN Intergovernmental Panel on Climate Change (IPCC). Further, we not only conduct assessments on transformation risks along with immediate and long-term physical risks, but also implement the NDCs' simulation scenarios with respect to transformation risks. (Please refer to the detailed content below for the simulation data for physical and transformation risks)

Risk Management

a. Process of identifying and assessing climate-related risks

In compliance with the TCFD framework, Qisda identifies risks/opportunities that have impacts on business, strategies and financial planning. Risks/opportunities are defined and listed by the department concerned. Apart from that, Qisda's 2°C scenario is a simulation of the RCP 2.6, 4.5 and 8.5 climate scenarios of the UN Intergovernmental Panel on Climate Change (IPCC). Further, we not only conduct assessments on transformation risks along with immediate and long-term physical risks, But also identify and analyze the climate-related risks and opportunities within the Company's scope of operations over the short, medium, and long term.
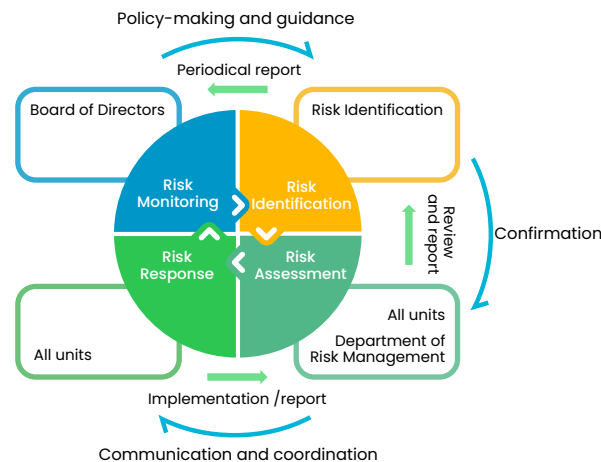
b. Process for managing climate-related risks

In response to the risks of climate change, Qisda proposes responsive plans in accordance with risk scenario analysis, and had commissioned Fubon Insurance to investigate in risks of floods in 2022, and take the investigations as references for establishing responsive strategies against physical climate risks. In order to mitigate and adapt to relevant climate risks, we have also established responsive strategies for droughts result from the rising yearly temperature in average, which can be easily caused by climate change, and floods brought by the increasing precipitation:

**1. Plans for fighting droughts**
Drought fighting measures will be activated once the drought monitoring signal of any area turns green. We use water consumption inventory and days of stored water supply as main indicators, and aim at surviving the situation of "providing water for two days and cut off the supply for another two."

2. BCP for flood prevention
If there are potential climate risks in the region where the supplier is located, Qisda investigates in the supplier's BCP thoroughly or recommends it to take appropriate adaption measures. By playing a proactive role in risk management, we are able to maintain a stable supply chain in a crisis, further preventing damage in the business operation of the supplier as well as protecting the benefits and rights of its stakeholders. Qisda also commissions external experts to perform climate risk assessment on the Company's key facilities as a reference for improving and adapting to climate risks.

c. Methods of integrating and including the process of climate-related risk identification, assessment and management in the overall risk management

Qisda has introduced the corporate risk management structure since 2005. We have also established the Risk Management Committee and conducted annual risk identification and assessment every year. In addition, preventive and mitigation measures against high-risk items are also taken to follow up on them on a quarterly basis. In 2016, the climate change risk was seen on the annual risk radar chart for the first time. It was later listed as the Company's Top 3 risks in 2017. For the risk ranking in 2022, we gradually added transformation risks in addition to the physical ones. We also implemented assessments according to the severity and possibility of the risk, and followed up on two major risks: production interruption in factories and supply interruption of suppliers, making these the basis for establishing the business continuity plan (BCP).
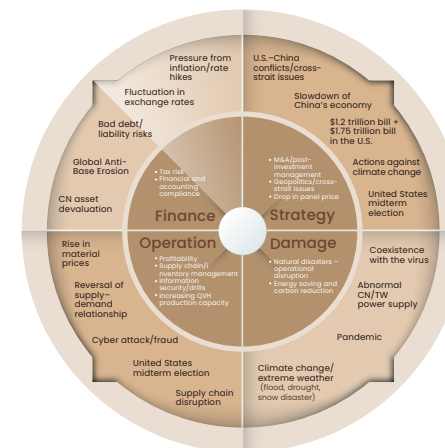
2022 Qisda Top3 Risks

1 Examples of strategic risks:
- Drop in panel price
- Having more than 50% revenue from highly value-added business
- Geopolitics/cross-strait issues

2 Examples of operational risks:
- Profitability
- Economic upturn or downturn/supply chain/inventory
- Information security

3 Examples of damaging risks:
- Carbon reduction and green power
- Water and electricity shortage
- COVID-19

Metrics and Targets

a. The metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process

Qisda is concerned about the impact of climate issues on our operation. Hence, the Board of Directors has approved of the commitment to and focus on relevant goals, and attached importance to:

1. **Green operation:** Whether the goal of reducing the annual electricity consumption for each million USD value by 1% is achieved.

2. **Green products:** Reducing carbon emissions and materials and improving energy efficiency by 1% for new generation products comparing to products from the previous generation.

b. Scope 1, 2 and 3 emissions and relevant risks

Continuous investment in the improvement of green power and carbon reduction projects as per the SBTi and the Company's carbon reduction roadmap.
GHG Emissions

GHG emissions have been listed as one of the important sustainability performance indicators by Qisda and are assessed by the ESG Committee every quarter. The production value in 2022 reduced to US$4,180 million, making the GHG emissions intensity 17.65 tCO2e/million USD (73,770/4,180), which slightly increased by 3% compared to the intensity in 2021 (21.19 tCO2e). Due to the decrease in production value and electricity required for production as well as the increase of self-generated and self-consumed solar power in 2022, the total Scope 2 GHG emissions from the use of supply mains (68,965 tonnes) reduced by around 33.9% from 104,383 tonnes in 2021. As to the responsive measures for possible carbon taxes in the future, we can only identify that the risk exists even though it could be relevant to GHG emissions as the taxation mechanism is currently not clear. The actual level of impact also cannot be determined. Qisda will continue to focus on this issue.

2022 Qisda GHG Emissions Table

Unit: tCO2e

Country/region	Scope 1	Scope 2	Scope 3
Taiwan	1,638	8,187	1,652
Suzhou, China	3,097	57,598	108
Vietnam	70	3,180	41
Total	**4,805**	**68,965**	**1,801**

Management of targets for climate-related risks and opportunities and performance against targets

Short-term (2021-2025)
1. Expansion of types for GHG inventory (including the suppliers)
2. Reducing carbon emissions intensity by 21% before 2025
3. Consuming 126 tonnes of water per million USD production value and increasing waste recovery rate by 2% between 2021 and 2025
4. Reducing materials by 5%, saving energy by 5%, and reduce carbon emissions of products by 5% as of 2025
5. Using renewable energy by 32% in 2025

Medium-term (2025-2030)
1. Making all factories green by 2030
2. Producing 60% low-carbon products by 2030
3. Zero-carbon factory (making 67% of all factories zero-carbon by 2040)

Long-term (2030-2050)
1. Meeting RE100 requirements regarding the percentage of renewable energy by 2040
2. Achieving net zero emissions (carbon neutrality) by 2050
3. Realizing the vision of 100% zero-carbon factory by 2050

Governance

The Board of Directors of the Company is responsible for the review and supervision of the climate change strategies, action plans and annual goals. The Sustainability Officer is authorized to take the responsibility for the draw-up, planning and implementation of the strategies. He/she performs climate change detection and takes relevant actions in the Risk Management Committee and Corporate Sustainability Management Committee every quarter, reports the implementation status to the Board of Directors regularly every year, and review the goal of the greenhouse gas reduction and its achievement.

Strategy

Qisda implements the sustainable development in the respect of the environment from the three facets of "green products," "green operations," and "green supply chains." The goals set for the development strategies and management measures are subject to the KPI (Key Performance Indicator). As a company engaging in the design and manufacture of electronic products, Qisda is not only concerned about the greenhouse gas emissions of the organization, but also conducts analysis and management with respect to the environmental impact of the products to ensure compliance with international standards, such as EU Energy-related Products Directive (ErP) and the carbon footprint of the organization (ISO 14064-1).

Green Product

Qisda reviews the carbon emissions of the products and the opportunity of reduction from the viewpoint of the life cycle. The Company places importance on the green design, uses the eco-design approach, and takes the environmental impact and carbon reduction into account at the design stage. A carbon footprint report is produced via the management platform and the Company takes follow-up and management measures for the performance of the carbon reduction.
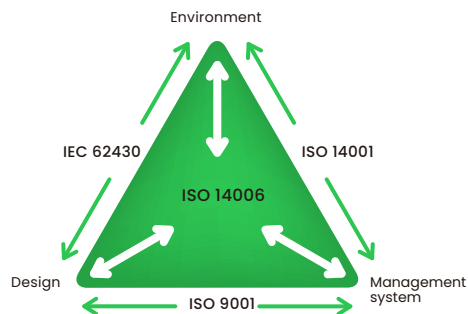
Green Operation

With the quantification/assessment, management and carbon reduction as the core, Qisda takes actions starting from the inventory of the organization's greenhouse gas emissions (ISO 14064-1) and sets up the energy management system (ISO 50001) and the corporate sustainable development (ESG) KPI management system to understand the accomplishment status and reduction performance of each energy saving measure.
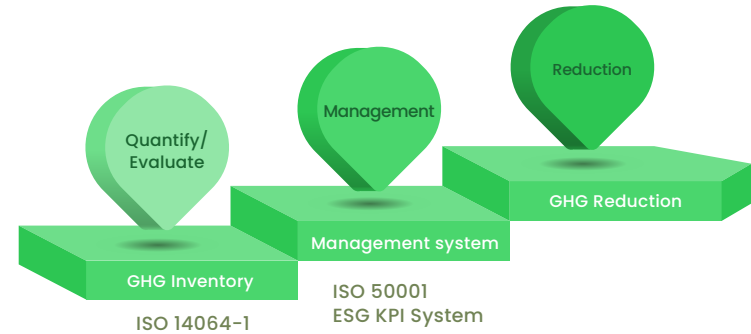
Green Supply Chain

This is implemented in three phases as planned: Awareness, Implementation and Sustainability. Education and training of key suppliers on GHG inventories is an element in the awareness phase. The suppliers of key components are encouraged to conduct GHG inventory and reduction in the implementation phase. In the last sustainability phase, it is expected to improve the independent management capability of the suppliers and disclose their climate change strategies and reduction performance in the Corporate Social Responsibility (CSR) Report.

Awareness
- Inspection of the supplier's social responsibility, environment, safety and health
- Self-assessment on the Responsible Business Alliance Code of Conduct (RBA Code)

Implementation
- On-site audit of the supplier's social responsibility, environment, safety and health
- Implementation of the Responsible Business Alliance Code ofConduct (RBA Code)

Sustainability
- Supplier's independent management
- Preparation of the Corporate Social Responsibility Report
- Extension to the Tier 2 supplier

At present, the risks and scenarios that Qisda has identified through assessments are sorted below:

Parametric Hypothesis	Today - 2023	2031~2050	Operational & Financial Impact			Management Methods
			Upstream (Suppliers)	Qisda	Downstream (Customers)	
Physical Climate Scenario RCP2.6						
Annual temperature Annual rainfall		Annual temperature: Increase 0.3 - 2.1ºC in Taiwan Increase 0.8 - 2.7ºC in Suzhou Increase 0.6 - 1.7ºC in Vietnam Annual rainfall: Increase -5.3 - 12% in Taiwan Increase 1.7 - 11.3% in Suzhou Increase -6.6 - 10% in Vietnam	If precipitation increases abnormally, it may cause shipping delays and further affect Qisda's production and shipment.	The annual temperature is expected to increase 1.7ºC in Vietnam and more than 2ºC in both Taiwan and China, which will possibly result in a temperature rise in facilities and their surroundings, further affecting production efficiency. The increase in rainfall might cause increases in flooding, especially when the maximum rate of precipitation increase in all 3 countries exceeds 10%. If drainage equipment around the facilities is poor, the facilities can be easily flooded, and losses of raw materials, end products and machines are highly possible to occur.	The customers can require Qisda to prepare materials in the warehouse in advance to respond to possible material shortage crisis.	We require the factories and the internal units of Qisda to pay attention to the height of the factory's foundation for flood prevention. We also regularly pay attention to occurrences of abnormal natural disasters that affect the operation of factories and Qisda. In addition, Qisda also conducts BCP drills with respect to natural disasters, checks the height of each factory's foundation, and implements improvement and flood prevention measures. Finally, sufficient key materials are regularly stored in the warehouse in accordance to the FCST against unexpected needs.
Physical Climate Scenario RCP4.5						
Annual temperature Annual rainfall		Annual temperature: Increase 0.7 - 2.4ºC in Taiwan Increase 1.2-3.2ºC in Suzhou Increase 0.8-2.0ºC in Vietnam Annual rainfall: Increase -4.7-13.6% in Taiwan Increase 2.1-12.8% in Suzhou Increase -4.6-9.9% in Vietnam	Most suppliers are located in Suzhou. If the temperature increases 3.2 ° C, the attendance and health of factory personnel can be affected, leading to production disruptions and material shortages. If precipitation abnormally increases up to 10%, the flood it brings can affect the attendance of employees, and the factories will be unable to proceed with production and shipment. This will have further impact on Qisda's production and shipment. Abnormal natural disasters can affect power supply stability. If the Company fails to proceed with the production, costs will eventually increase.	The annual temperature in Vietnam and Taiwan is expected to increase 2.4 ° C and 2.0 ° C respectively. On the other hand, the annual temperature in China can rise 3.2 ° C to the most. This will possibly result in a temperature rise in facilities and their surroundings, further affecting production efficiency. As a result, the investment of devices for improvement is required. Additionally, the longer duration of high temperatures in recent summers can lead to sick employees and further affect the operation of the Company. In addition, the increase in the average rainfall might cause increases in flooding. Currently, the annual precipitation in the locations of Qisda's facilities has risen by around 9.9% to 13.6%. If drainage equipment around the facilities is poor, the facilities can be easily flooded, and losses of raw materials, end products and machines are highly possible to occur. Furthermore, factors such as the local terrain, drainage and flood prevention measures shall be taken into consideration.	The customers not only require additional preparation of inventories, but also ask for more secondary sources	We require the factories and the internal units of Qisda to pay attention to the height of the factory's foundation for flood prevention. We also regularly pay attention to occurrences of abnormal natural disasters that affect the operation of factories and Qisda. In addition, Qisda conducts BCP drills with respect to natural disasters, checks the height of each factory's foundation, and implements improvement and flood prevention measures. Moreover, we introduce second resources other than preparing key materials for inventory.

| Parametric Hypothesis	Today – 2023	2031~2050	Operational & Financial Impact			Management Methods
			Upstream (Suppliers)	Qisda	Downstream (Customers)	
Physical Climate Scenario　RCP8.5						
Annual temperature Annual rainfall		Annual temperature: Increase 1-3.1°C in Taiwan Increase 2-4°C in Suzhou Increase 1.1-2.6°C in Vietnam Annual rainfall: Increase -7.7-13% in Taiwan Increase 3-17.1% in Suzhou Increase -2.7-14% in Vietnam	Higher temperatures and extreme rainfall or drought can result in severe power shortage. Thus, the suppliers may need to spend more money to improve working environments and ensure personnel safety. The time needed for material preparation may be longer, and transportation methods may need to be changed, which will result in increasing costs.	Although Taiwan and Vietnam still have lower temperatures compared to China, it is possible that the temperatures increase more than 2°C and further lead to continuous increasing temperatures. As a result, continuous improvements of air conditioning in factories are necessary. The rise of the annual temperature can cause a decrease in the number of typhoons and the occurrence of droughts. In extreme climate conditions, floods are more likely to occur in the three regions/countries where Qisda locates comparing to other climate scenarios. Apart from potential flooding in factories, transportation disruptions, impact on employee commuting and employee injuries may also occur.	The customers hope to have a second or third production site to prevent delivery dates from being affected by disasters in different locations.	We require the factories and the internal units of Qisda to pay attention to the height of the factory's foundation for flood prevention. We also regularly pay attention to occurrences of abnormal natural disasters that affect the operation of factories and Qisda. In addition, Qisda conducts BCP drills with respect to natural disasters, checks the hight of each factory's foundation, and implements improvement and flood prevention measures. Qisda has proactively established three production locations in Suzhou, Taiwan and Vietnam respectively in response to different situations in each region as well as customer requirements.
Physical Climate Scenario　NDCs						
Net zero emissions The 1.5°C target of the SBTi	1. Reaching an annual carbon reduction of 4.2% (Scope 1 & 2) 2. Reaching 60% green power by 2030	1. Reaching an annual carbon reduction of 4.2% (Scope 1 & 2) 2.Reaching 100% green power by 2040 3.The commitment to net zero by 2050	Due to the need of industrial transformation: 1. The operating costs of suppliers will definitely increase as the rise of investments in low-carbon products is driven. 2. Suppliers that fail to combat the challenge of low-carbon transformation will gradually lose orders and competitiveness.	In line with Taiwan's Pathway to Net-Zero Emissions in 2050 as well as international trends, laws and regulations, and policies with respect to low-carbon transformation, the Qisda Group has established the goals of reaching 60% green power by 2030 and then 100% in 2040. If business growth causes an annual increase in electricity consumption by up to 5%, the Group will have a 150% growth in electricity consumption in 2030 in comparison with 2021. Thus, additional amount for investment is required to accelerate energy transformation and further increase the usage of green power.	In response to the trend of low-carbon transformation, the customers will focus on increasing the number of commissioned ODM products made from green sources and designing low-carbon products. They will also make more requirements regarding renewable energy and green products related goals to the upstream suppliers.	1. Continue to invest in energy-saving devices for facilities, aiming to reduce electricity consumption by 6.44 million kWh. 2. Purchase 350 kWh green power from renewable sources. 3. Reduce materials in accordance with SBTs of reduction.

Risk Management

Qisda has identified 7 transition risks, 3 physical risks and 8 opportunities based on the adopted climate scenarios of the RCPs. Through the creation of a climate risk matrix, we have completed the management of climate risks and the establishment of countermeasures. The climate risk matrix can help Qisda better understand the impact of climate change on our business as well as guiding the Company on how to respond to and manage risks while climate changes in the future. In this matrix, risks are divided into two major aspects: "impact" and "frequency," and then classified as "low," "low-medium," "medium," "medium-high"

and "high" according to their levels. The impact duration of each climate risk is also identified in advance, enabling Qisda to estimate the duration of impacts on our operations more accurately when facing climate risks. Finally, according to the climate risks and opportunities, Qisda designates responsible departments to manage the "risk content," "potential impact on business, strategies and finances," and "adaptive and responsive actions," which serve as references for Qisda when setting up relevant hedging and risk control measures.

2022 Qisda Matrix of Climate Change Risks and Opportunities
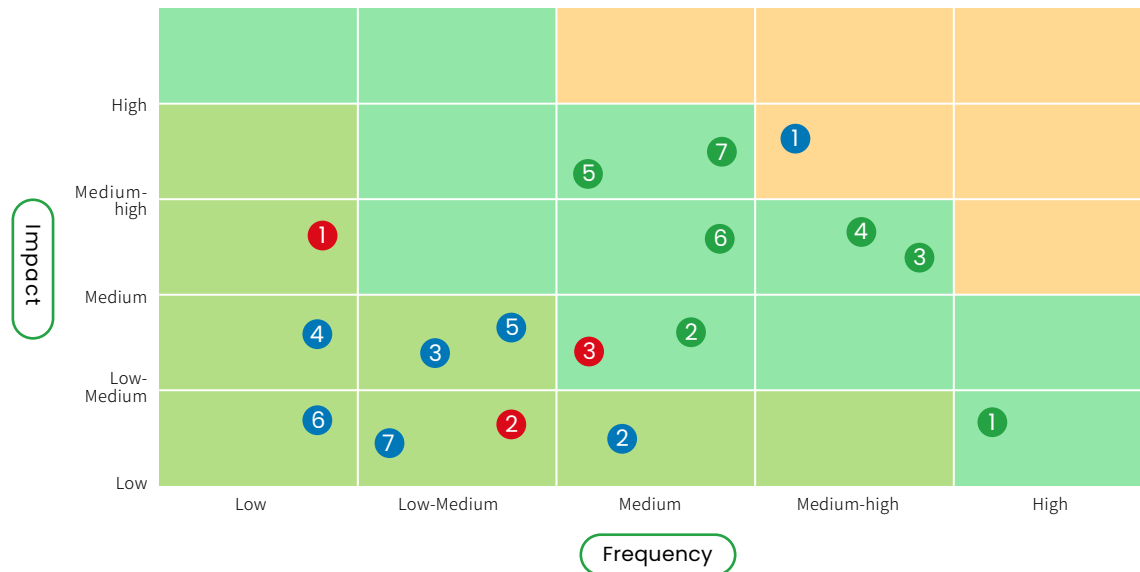
Transition risk

1. Domestic and international regulations and laws (Medium to long Term)
2. Carbon trading and carbon(Medium Term)
3. Green product and techno(Long term)
4. Purchase of green power(Medium to long Term)
5. Customer and regulatory requireme(Long Term)
6. The sustainable awareness of consumers (Long Term)
7. Reputational risk(Long term)

Substantial risk

1. Typhoon and flood (Short Term)
2. Water and Power shortage (Short Term)
3. Increase of annual Temperatures (Short Term)

Opportunities

1. Benefits of energy saving (Short term)
2. Benefits of water saving (Short term)
3. High- efficiency green building(Medium to long term)
4. Solar power installattion(Medium to long Term)
5. Products and services with low carbon emissions(Long term)
6. Energy-saving commodities and market demond (Medium to long term)
7. Energy-saving commodities(Medium to long term)

Climate Change Related Risks and Their Financial Impact

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Transition risk	**Policy and Regulation**		Qisda regularly checks the compatibility with climate change relevant laws and regulations every year. We also include laws and regulations with higher risks in the assessment performed by the Risk Management Committee and the ESG Committee. If they are confirmed as potential risks, they will be set up as the quarterly key performance indicator for management.		
	Domestic and international regulations and laws	Medium-to long-term	- The Bureau of Energy under the MOEA has required the Company to reduce our electricity consumption by 1% every year. - Summer energy-saving measures of the Administrative Yuan - The "Greenhouse Gas Reduction and Management Act" was enforced in 2015, and major energy consuming companies are required to report relevant problems. - Law-related risks that product labels (e.g. carbon labels and green labels) in sales regions may have. - Domestic and international laws and regulations might include prohibition and control on high power-consuming products.	- Increase in operating costs resulted from possible rise of electricity bills - Possible impact on production in factories	- Qisda has responded to this in terms of administration and engineering controls. Our ESG Committee manages this issue on a quarterly basis. - We have implemented measures such as smart lighting and inspection on turning off lights to meet new regulations, and the ESG Committee has had good control over energy saving. - The ESG Committee has established relevant KPIs control. We also continue to focus on requirements of domestic and international laws and regulations. Currently, there is no risk regarding domestic and international laws and regulations for Qisda. - Qisda not only follows relevant domestic and international laws and regulations at any time, but also disseminates the requirements of the latest laws, such as the ban of selling 8K TVs in the EU, within the Company to let the employees better understand transition risks of climate change.
	Carbon trading and carbon tax	Medium-term	- The Carbon Border Adjustment Mechanism (CBAM) will gradually enter into force in 2023. - There may be impact brought by the carbon tariff system of the U.S.	- Importers will start paying for the EU's CBAM charge, which will cause a rise in import and export costs.	- Qisda will continue to pay attention to this trend. Our products are currently not included, but we will be prepared in advance to respond to relevant problems.
	Technology		We can start from the initial stage of product realization, which is design, and minimize the impact on the environment as well as carbon emissions. Considering that the stakeholders are more aware of product carbon reduction, Qisda has included this issue in our risk assessments since 2009.		
	Green product and technology	Long-term	- The change of the consumers' awareness will result in an increase in the demand for green products. Hence, Qisda's products have to meet the customers' expectations and market demand.	- More funds will be needed for R&D expenses as well as the R&D and in-process energy-saving equipment.	- We officially established an internal carbon footprint calculation system - the Carbon Management Platform - in 2011. Whenever a customer requires the provision of this type of information, we can calculate the volume of carbon emitted from the product. - Qisda has incorporated the idea of ecological design in our product development process. For example, we have adopted the IEC 62430-verified eco-friendly design for LCD displays and projectors to create more environmentally-friendly green products.
	Purchase of green power	Medium-to long-term	- We have increased the proportion of purchased green power certificates year by year in response to the RE100 project. - To increase the usage of green energy, Qisda has installed equipment related to solar power generation.	- In 2022, Qisda spent US$3,745 in purchasing renewable energy and green certificates.	- Qisda purchased 3.5 million kWh of renewable energy (green power) in 2022. - We aim to use renewable energy by 60% in 2030.

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Transition risk	**Market**		Consumers have become more and more aware of the environmental impact of the products that they purchased. If the environmental performance of our products cannot meet the expectations, there will be market risks.		
	Customer and regulatory requirements	Long-term	– The increasing costs of additional manual labor and working hours related to the implementation of the LCA research has been damaging our income and profitabil–	– Since 2011, the change of consumer behavior has had a financial impact on the implementation of the LCA; the costs have increased/ decreased by US$341,000 in total. – One of our customers is requiring that we apply the EPEAT for our products through PAS2050 or ISO14067. As a result, we have spent US$590 thousand every year for this.	– Qisda established the Carbon Management Platform system in 2011, providing the customers with a report on the product carbon footprint right after the mass production of a product. – We have also conducted quarterly inspections on the ESG Committee, set up and maintained the product GHG inventory system as well as verifying the subcontractors, spending over US$342,700. – The total amount under the potential financial impact is around US$931,000.
	The sustainable awareness of consumers	Long-term	– The customer brands are having higher requirements for the assessment of product carbon footprints.	– Calculation of product carbon footprints requires a great deal additional time and manual labor.	– We are able to satisfy the customers' requirements with the carbon footprint calculation system, leading to the success in reducing transition risks.
	Reputation		The identification and management of climate risks can affect the judgement made by external stakeholders on the Company and further influence the business status in long term.		
	Reputational risk	Long-term	– Sales will decrease if errors occur during the certification of energy-saving products.	– The impacted recertification and sales of some products are estimated to affect 1% of the revenue.	– We also include reputational issues with higher risks in the assessment performed by the Risk Management Committee and the ESG Committee. – In accordance with the customer brands' requirements, Qisda provides the GHG emissions data of the organization and products along with corresponding carbon emissions reduction plans.

Type	Climate Change Related Risk	Impact Period	Description of Risk Content	Potential Impact on Business, Strategies & Finance	Adaption & Responsive Actions
Physical risk	**Acute physical risks**		Qisda has established an emergency response and joint defense mechanism and integrated the resources of the Company and the Group to assess and analyze the climate events that have possible impact on the Company's operation every year.		
	Typhoon and flood	Short-term	– Floods can disrupt the business as well as the production and delivery of products.	– **According to estimations, if the period of impact lasts for a day:** The disaster may have an impact of around CN$150 thousand, so the production process needs to be adjusted. – If it lasts for more than 2 days, it may have an impact of around CN$300 thousand.	– Through the professional comprehensive analysis of climate disasters, we can transfer risks through insurance. In 2020, we identified if there are climate-related risks in Qisda's facilities in Taiwan through Fubon Insurance. Currently, we put more than NT$2 billion in insurance every year for the overall risk of the Company.
	Long-term physical risks		Regarding the long-term global climate trend, Qisda has identified the risks and adopt responsive strategies progressively to prevent possible impact.		
	Water and power shortage	Short-term	– If power shortage occurs in the Suzhou Plant for a long time, the production will be affected. – The capacity of the Taiwan Plant will be affected in the scenario when Northern Taiwan suffers water scarcity and the policy "providing water for two days and cut off the supply for the next three days" is implemented.	– **Suzhou Plant:** If the government cuts power supply for 5 days, orders that worth a total of CN$20 million might be affected. – **Taiwan Plant:** It has a smaller share of the Company's overall production, meaning that the amount being affected by it is rather small.	– In 2020, Qisda investigated in the status of the Group's water use and simulated complementary plans for water shortage during the occurrence of droughts. – Personnel outside of the production line shall work from home to reduce the impact on production. With this, the original 2.5-day water storage can be prolonged to 3.5 days, and the production will not be affected as a result. – Where there is long-term impact, production in different locations will be implemented for internal support as Qisda has 3 factories in different countries.
	Increase of annual temperatures	Short-term	– The increase in the average temperature will incur more electricity consumption to satisfy the needs for air conditioning and heating.	– Expenses for purchasing air conditioners may cause a rise in costs.	– We have finished updating air conditioning and water-cooled water chillers, which costs us NT$22.2 million after deducting the subsidies from the government.

Climate Change Related Opportunities and Their Financial Impact

	Type	Impact Period	Potential Financial Impact	Responsive Actions
Resource Efficiency	Benefits of energy saving	Short-term	– Saving US$1,872 every year. – The potential financial return of the energy-saving plan is estimated to surpass US$180 thousand.	– In order to mitigate the effects of customer requirements on Qisda, we have established plans for relevant GHG emissions reduction. They are divided into two courses: engineering improvement and administrative management. – We have also activated the ISO 50001 energy management system to fully monitor and control ourperformancein terms of energy saving and further reduce operating costs. 13.37 tCO2eis expected to be reduced every year. – Qisda has been utilizing energy-saving data as our sustainability indicator and performing inspections on a quarterly basis to follow up on the emissions reduction progress. Our key performance indicator is to reduce electricity consumption per million USD production value by21%in 2025 compared with the baseline year (2021). – Qisda has set up relevant plans to reduce energy consumption. For example, we replace the original T8 (40W) fluorescent tubes with LED (20W) lights in all office space and some warehouses. The total accumulated expenses of restructuring engineering for energy saving is around US$190 thousand.
	Benefits of water saving	Short-term	– The cost for the water bills and hazardous waste disposal in the Suzhou Plant is reduced by NT$12.7 million.	– In order to reduce water use and consumption, Qisda has established KPIs through the ESG/CSD Committee, planning to reduce water consumption per million USD production value by 22% in 2025 compared with the baseline year (2015). – Each manufacturing facility shall conduct quality inspection for wastewater to be discharged in the frequency required by the local competent authority. – The inspection is performed every quarter to follow up on the water use reduction progress. Our key performance indicator is to, through relevant plans, reduce water use per million USD production value by 22% in 2025. – Qisda establishes relevant plans to reduce water consumption and leakage, which are divided into two courses: engineering improvement and administrative management. These plans include checks on and repair of leakage, replacement of old pipelines, installation of water-saving equipment and dissemination of water conservation. The accumulated cost for water use reduction is around US$11,100. – The wastewater recovery rate in the production at the Suzhou Plant varies in different production lines, ranging round 70% to 100%.
	High-efficiency green building	Medium- to long-term	– The indirect (operating) cost is reduced.	– The increase of energy efficiency in factories can bring about energy conservation and cost reduction. Qisda has set up relevant engineering improvement plans to better march towards more effective buildings. – In 2022, the Twin-Star Plant in Taiwan received a three-year extension for its Green Factory Label. – The Twin-Star Plant in Taiwan currently has a bronze-level Green Building Label for in-use buildings. In 2023, we will carry out an upgrading plan in the expectation of raising the Label to silver level for in-use buildings in 2024. – We expect to apply for China's Green Factory Certificate of Jiangsu Province for the Suzhou Plant in 2023. For this, we will inventory our existing green products, green design and energy-saving measures as well as expanding the scope for the ISO 50001 certification.
Energy sources	Solar power installation	Medium- to long-term	– The cost of solar power installation and generation as well as electricity storage at the Taoyuan Plant was around NT$23.1 million in 2021. – The Suzhou Plant collaborated with an energy company; Qisda provided areas for installation while the energy company provided power generation equipment. After the operation started, Qisda purchased green power for use and paid the energy company usage fees that were lower than the price of supply mains.	– We completed solar power installation at the end of 2021, includingthe Phase-I solar power installation in Suzhou and the Taoyuan Twin-Star Plant's connected grid for solar power generation. – In 2022, Qisda generated a total of 5.2 million kWh solar power, all of which were self-generated and self-consumed. – The Phase-II solar power installation at the Suzhou Plant will be implemented in 2023. – NT$19.5 million of electricity bills (4.2 million kWh electricity) can be saved every year.

	Type	Impact Period	Potential Financial Impact	Responsive Actions
Product and service	Products and services with low carbon emissions	Long-term	– The cost of solar power installation and generation as well as electricity storage at the Taoyuan Plant was around NT$23.1 million in 2021. – The Suzhou Plant collaborated with an energy company; Qisda provided areas for installation while the energy company provided power generation equipment. After the operation started, Qisda purchased green power for use and paid the energy company usage fees that were lower than the price of supply mains.	– The use of materials and GHG emissions shall be reduced by 5% in comparison with 2015. This goal must be achieved with the specific product of each business unit. Since 2011, we have spent over US$342,700 in establishing and maintaining the green product system and verifying the subcontractors.
Market	Energy-saving commodities and market demand	Medium- to long-term	– The indirect (operating) cost is reduced. The reduction of water consumption can result in the decrease in carbon and costs. As materials have a 1.1% share, the potential financial return is estimated to surpass US$24,787 thousand.	– The Qisda Group actively develops energy-saving products in the hope of increasing the percentage of green products' revenue. – ACE Energy has included energy saving and safety in design starting from the planning stage. After completion, it adjusts energy efficiency and subsequent operational maintenance to fulfill the commitment to energy-saving and safe operation. In addition to providing real-time statistics of electricity usage, adjustment and control equipment and abnormal monitoring reports, it also offers monthly reports on energy-saving benefits and appropriateness of equipment in line with the International Performance Measurement and Verification Protocol (IPMVP), hoping to enhance customer competitiveness (by ensuring energy efficiency and reducing the labor burden) and achieve a win-win situation (for the Earth, the customers and ACE Energy) through professional energy services.
Resilience	Energy-saving commodities	Medium- to long-term	– The annual revenue of Qisda's LCD products and Energy Star models has a YoY growth of 4.67%. – ACE Energy had a revenue of NT$130 million in 2022, having a YoY growth of 20%. – BenQ: We have acquired energy labels for all LCD products and PDPs, which account for around 55% of all products with energy labels. – Qisda: • LCD: 76% of our products meet the requirements of laws and regulations on energy saving in 2022. • Thanks to the business of ACE Energy, this will not be affected by climate risks.	– Upholding the idea of smart energy saving and sustainability through green power, ACE Energy focuses on energy services including air conditioning, air compression, hear recovery, lighting, management of electricity use, energy storage as well as electrical equipment monitoring and Internet-based management of relevant data. It also establishes long-term partnerships with the customers by sharing the benefit of energy saving and installing green energy systems. – The transformation of carbon reduction technologies and low-carbon materials will continue to be required in the future. – BenQ: Currently, we use recovered materials for 35% of the plastic coats, and use EPS for buffer packaging materials. In the future, we will use recovered materials for 65% of the plastic coats, and use folded paper or molded pulp materials for 85% of the buffer packaging materials. – Qisda: We recycle and reuse plastics, hardware and paper packaging materials to achieve a circular economy.

› Metrics and Targets

To achieve the goal of becoming a green enterprise, Qisda had committed to joining the SBTi in 2022 and has set up carbon reduction goals in 2023. In the future, we will march toward RE100 and net zero emissions to engage with the value chain. Qisda attaches importance to impacts caused by climate-related issues. Considering that the impacted scope covers every aspect of implementation as well as the Company's future development, the Chair of the Board monitors these impacts in person to ensure that the Board understands the meaning of climate change issues to the Company's sustainability. With the effective, internal top-down management, we have also combined the ESG performance and level of achievement with the CSO along with the remuneration to and KPIs of senior managers. The Company has decided to establish a long-term remuneration plan for the Chairman, CEO, President and other senior managerial officers starting from 2023. This plan is connected to the ESG performance (corporate governance, social engagement and environmental sustainability performance indicators) and grants long-term reward and compensations based on the achievement status of ESG performance targets every year. Taking the President for example, the compensation is estimated to account for up to 10% of his total remuneration of the year.

Energy Consumption and Saving

With the issue of global warming becoming more and more severe, Qisda, being a citizen of the Earth, has established a GHG inventory for global manufacturing sites with reference to the requirements of the GHG emission at the organization level (ISO 14064-1) and the GHG Protocol since 2007. GHG inventories and third-party verifications have been conducted annually. Currently, the coverage rate of the organizational boundary of inventory has reached 100%. Qisda conducted third-party verification according to the ISO 14064-1:2018 standard for the GHG inventory data of all factories around the globe in 2022. The energy consumption within the Qisda Group, including fuels (natural gas, gasoline and diesel fuel)

and electricity in offices and factories, is assessed with the significance guide of the ISO 14064-1:2018. Our major energy consumption is the electricity used in offices and factories (Scope 2 – indirect GHG emissions from energy consumption). In 2022, the energy intensity was 29,436 kWh per million USD production value. In 2021, Qisda expanded the establishment of solar power generation and electricity storage equipment in the facilities in Taiwan and Suzhou. The equipment has been put into use since 2022. Both facilities generate and use renewable energy internally to reduce the use of purchased electricity.

Energy		Unit	2019	2020	2021	2022
Electricity	Self-generated, self-consumed & renewable	kWh	9,240	9,300	9,680	5,200,534
		MJ	33,264	33,480	34,848	18,721,922
	Purchased & renewable	kWh	0	0	0	3,500,000
		MJ	0	0	0	12,600,000
	Purchased & non-renewable	kWh	121,700,000	121,900,000	127,900,000	117,846,382
		MJ	438,120,000	438,840,000	460,440,000	424,246,977
Natural gas		1,000 cubic meters	599.3	623.7	180.6	339.16
		kWh	6,494,586	6,759,008	1,957,154	3,675,461
		MJ	23,380,491	24,332,408	7,045,748	13,231,649
Gasoline		1,000 cubic meters	19.7	22	13.9	99.97
		kWh	245,156	273,778	172,978	1,244,072
		MJ	882,560	985,600	622,720	4,478,656
Diesel fuel		1,000 cubic meters	12.8	9.5	10.8	14.68
		kWh	159,289	118,222	134,400	182,685
		MJ	573,440	425,600	483,840	657,664
Total renewable energy usage		kWh	9,240	9,300	9,680	8,700,534
		MJ	33,264	33,480	34,848	31,321,922
Total non-renewable energy consumption		kWh	128,599,031	129,051,008	130,164,532	122,948,600
		MJ	462,956,491	464,583,608	468,592,308	442,614,946

In 2022, the total GHG emission of Qisda and its global sites was around 74,000 tCO2e. The emission is mostly the carbon dioxide caused by purchased electricity for operational needs during the process of electricity generation, and holds over 90% of the overall carbon emission of the entire company. Since 2021, Qisda has disclosed the Scope 3 indirect GHG emissions with the verification of a third-party verification unit. In the future, we will expand the scope of disclosure and verify the type of indirect GHG emissions in each facility. Qisda complied with the principles of the National Renewable Energy Certification Center and applied for the Renewable Energy Certificate (T-REC) for the Taiwan Plant with its volume of solar power generation in 2022. We also purchased international renewable energy certificates (I-RECs) for the Suzhou Plant. We will follow the GHG Protocol Scope 2 Guidance and make disclosures in the CDP survey, describing the plan for offset to conform to the Scope 2 GHG inventory.

Scope (tCO2e)		2019	2020	2021	2022
Scope 1	Stationary combustion	1,358.8131	353.3010	413.5096	742.2685
	Mobile combustion	99.4826	84.4237	71.1329	318.9313
	Process emissions	0.0000	0.0000	0.0000	0.0000
	Fugitive emissions	981.9297	1,799.2807	1,808.1099	3,743.7680
Subtotal		2,440.2254	2237.0054	2,292.7524	4,804.9678
Scope 2	Location-based	95,123.9331	93,414.1813	102,262.3510	73,031.8256
	Market-based	0.0000	0.0000	0.0000	70,758.5866
Total (Scope 1 & 2)	Location-based	97,564.1585	95,651.1866	104,555.1586	77,836.7934
	Market-based	0.0000	0.0000	0.0000	75,563.5544

Substance of GHG emissions (tCO2e)	2019	2020	2021	2022
CO2	96,573.6044	93,848.0291	102,927.4345	71,882.5382
CH4	891.9967	848.4418	825.6514	726.5444
N2O	6.3721	4.0222	3.6326	10.5304
NF3	0.0000	0.0000	0.0000	0.0000
HFC	72.4248	930.9330	778.6795	2,924.1810
PFC	0.0000	0.0000	0.0000	0.0000
SF6	19.7605	19.7605	19.7605	19.7605
Total	97,564.1585	95,651.1866	104,555.1586	75,563.5544

Source of Scope 3 emissions (tCO2e)	2019	2020	2021	2022
Purchased goods and services				
Capital goods				
Fuel- and energy-related activities				1,473.7881 (*QTY)
Upstream transportation and distribution				
Waste generated in operations				65.2047 (*QTY)
Business travel	145.0000 (*QTY)	45.9524 (*QTY)	59.6214 (*QTY/QCS)	127.6748 (*QTY/QCS/QVH)
Employee commuting			16.7734 (*QTY/QCS)	135.1860 (*QTY/QCS/QVH)
Upstream leased assets				
Downstream transportation and distribution				
Processing of sold products				
Use of sold products				
End-of-life treatment of sold products				
Downstream leased assets				
Franchises				
Investments				
Total	145	45.9524	76.3948	1801.8536

1. The GHG inventory at the organization level is based on the ISO 14064-1:2018 version. Operational control is adopted as the method of compiling the amount of GHG.

2. We adopt the global warming potential in IPCC's Sixth Assessment Report in 2021. Other than that, emission factors are calculated in accordance with the value announced by the central competent authority of the location of each factory.

3. The amount of direct and indirect GHG emissions as well as emissions from imported energy is verified by a third-party verification agency.

4. Source of the conversion factors used to calculate transportation indirect GHG emissions: we use distance-based calculation in accordance with the International Civil Aviation Organization (ICAO) website, and we also adopt the carbon emission factors on the website in our calculation.

5. The statistics of Scope 3 emissions in 2019 and 2020 were verified in line with the AA 1000 while the statistics in 2021 and 2022 were verified according to the ISO 14064-1.

In order to reduce the impact of energy consumption on global warming, Qisda has developed GHG reduction-related measures. Based on the GHG reduction plan, we completed energy-saving measures (such as engineering improvements including replacement of high energy-consumption lighting and smart lighting in facilities) in the past. In addition, we continue to increase the proportion of renewable energy use through self-installed solar power generation systems and save energy with the help of administrative management, aiming to reach the goal of reducing GHG emissions.

IIn 2022, the actual amount invested in green equipment at all manufacturing sites around the world was NT$23.66 million while a total of 6,445 MWh electricity was reduced.

In 2022, the actual amount invested in green equipment in the Taiwan Plant around the world was NT$22.2 million while a total of 1,340 MWh electricity was reduced.

Reduction Type	Major Implemented Project	Categorization & Scope of Reduction	Annual Energy Savings (MWh)	Annual Energy Savings (GJ)	Annual Emission Reduction (tCO₂e)
Use of green energy	Phase-I engineering for solar power generation at the Suzhou Plant	Scope 2	4,200	15,120	2,440
Energy efficiency of processes	Installation and frequency conversion of MI air handling units	Scope 2	42	151	24
Energy efficiency of buildings	Improvement of lighting in areas around the dorm	Scope 2	161	578	94
Energy efficiency of processes	Improvement of frequency conversion and energy efficiency of S2 air compressors	Scope 2	173	622	101
Use of green energy	Engineering for solar power generation at the Twin-Star Plant	Scope 2	530	1,908	270
Energy efficiency of processes	Replacement of water-cooled water chillers	Scope 2	774	2,785	394
Energy efficiency of processes	Frequency conversion and energy saving for the headquarters building	Scope 2	452	1,628	230
Energy efficiency of processes	Recovery of waste heat from air compressors	Scope 2	114	411	58
Total			6,446	23,203	3,611

Climate Indicator	2021 Baseline year	2019	2020	2021	2022	Reduction % (Compared to the Baseline Year)
Total GHG emissions (10,000 tCO2e)	10.6	9.75	9.56	10.4	7.4	−30%
Carbon emission per personal hourly electricity consumption (kgCO2e)	2.5	2.4	2.3	2.5	1.9	−23%
Electricity consumption per million USD production value (kWh)	27,532	26,530	29,338	27,532	29,436	7%
GHG emissions for each million USD value (tCO₂e) (*Only Scope 1 and 2 emissions are in the calculation.)	21.91	22.61	23.06	21.91	16.50	−25%

Making Good Use of Water Resources

Qisda considers cleaner production and environmental protection at the beginning of the product design process. No wastewater is generated during the production process of any product in any factory; there is only domestic sewage. In 2022, Qisda's global operation locations consumed around 4.41 million liters of water and discharged about 3.53 million liters of water. The municipal water supply was the only source of water for all factories. To implement water resource management, all factories have taken the initiative to concern about the status of tap water use since 2011. The water consumed per million USD production value in 2022 was 106 tonnes, which had a 0.72% reduction compared with 2021. Other than that, all factories of Qisda have not extracted groundwater for operational use. The water pollution control equipment in the Taiwan Plant are operated and maintained by professional personnel. We use biofilms to treat domestic sewage, whereas the produced sewage is discharged into the sewerage system built by the government. The sewage discharged by the Suzhou Plant is directly discharged into the municipal sewer system, and the sewage discharged by the Vietnam Plant is treated by the internal sewage treatment plant, and then discharged into the sewage treatment plant of the industrial park. The sewage discharged by both plants eventually goes into the sewer management system. Therefore, the generated sewage has not caused any direct impact on water bodies and the land. As for the inspection for sewage quality, the Taiwan Plant surpassed the standard established by the Guishan Industrial Park*. The Suzhou Plant meets the sewage discharge standard** , and the Vietnam Plant meets the discharge standard of the industrial park***. The water discharged by all factories is regularly monitored and has not been reused by other organizations. All of Qisda's factories are located in industrial parks; we do not own, rent or manage any factory in ecological reserves or water reserves. We do not engage in any event that creates negative impacts on biodiversity. Likewise, our services and the process of product manufacturing do not harm the environment and the ecology.

Water withdrawal (cubic meter)/year	2019	2020	2021	2022
Tap water	496,080	561,854	517,562	441,270
Surface water	0	0	0	0
Groundwater	0	0	0	0
Others	0	0	0	0
Total	496,080	561,854	517,562	441,270
Water discharge (cubic meter)	396,864	449,483	414,049	353,016
Water consumption (cubic meter)				

1. The total water discharge is the tap water consumption of global manufacturing sites * 0.8 (0.2 is the calculated proportion of evaporated water due to the use of air conditioners).

2. The organization collects water consumption data based on water bills (which include the tenants' water usage) as a standard for water consumption.

3. According to World Resources Institute "Aqueduct Water Risk Atlas," Suzhou (China) and Hà Nam (Vietnam) are regions facing high levels of water stress.

* **Taiwan:** The lowest effluent standards are COD: 480mg/L and SS: 200mg/L. We use the maximum value from the annual inspection data of the Guishan Industrial Park as our actual data. The actual data of 2022 was COD: 52.75mg/L and SS: 17.35mg/L.

** **Suzhou, China:** The lowest effluent standards are COD: 500mg/L and SS:400mg/L. We use the maximum value from the inspection data as our actual data. The actual data of 2022 was COD: 43.5mg/L and SS: 22.0mg/L

*** **Vietnam:** The lowest effluent standards are COD: 150mg/L. We use the maximum value from the inspection data as our actual data. The actual data of 2022 was around 37mg/L.

Table of Water Withdrawal, Discharge and Consumption (1,000 tonnes)

Water Withdrawal

Water Withdrawal by Source		All regions	Regions facing high levels of water stress	Percentage of water use in regions with high levels of water stress
Water Withdrawal by Source	Surface water (total) Freshwater (≤1,000 mg/L total dissolved solids)	441.27	361.33	81.88%
	Other water (> 1,000 mg/L total dissolved solids)	0	0	0
	Groundwater Freshwater (≤1,000 mg/L total dissolved solids) Other water (> 1,000 mg/L total dissolved solids)	0	0	0
	Seawater (total) Freshwater (≤1,000 mg/L total dissolved solids) Other water (> 1,000 mg/L total dissolved solids)	0	0	0
	Produced water (total) Freshwater (≤1,000 mg/L total dissolved solids) Other water (> 1,000 mg/L total dissolved solids)	0	0	0
	Third-party water (total) Freshwater (≤1,000 mg/L total dissolved solids) Other water (> 1,000 mg/L total dissolved solids)	0	0	0
	Total water withdrawal by source of the third party, Total Water Withdrawal Surface water, ground water, seawater, produced water	0	0	0
Total Water Withdrawal	Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	441.27	361.33	81.88%

Drainage Volume

		Regions facing high levels of water stress	Percentage of water use in regions with high levels of water stress
Total Water Discharge by Destination	Surface water	353.02	289.06
	Groundwater	0	0
	Seawater	0	0
	Third-party water (total)	0	0
	Surface water + ground water + seawater + third-party water (total)	353.02	289.06
Water Discharge by Freshwater and Other Water	Freshwater (≤1,000 mg/L total dissolved solids)	0	0
	Other water (≤1,000 mg/L total dissolved solids)	0	0

Water Consumption Volume

	All regions	Regions facing high levels of water stress	Percentage of water use in regions with high levels of water stress
Total Water Consumption	88.25	72.27	81.88%

⟩ Water Resource Risk Assessment and Response

Qisda is a professional OEM of electronic design. The manufacturing process of Qisda is simple assembly work, and thus does not consume any water. The major risk of using water is that when water shortage occurs, there will be no water for drinking and household needs. Other risk analysis of water resources are shown as the table below. To reduce water consumption, Qisda has formed the Corporate Sustainable Development Committee (ESG Committee), set up water saving KPIs and managed the performance regularly. We also adjust the goals for the next year with respect to water consumption and other related risks at the end of each year. In addition, Qisda holds meetings with all companies within the Qisda Group to check the water consumption status of all companies and factories and make water limitation-based simulation. By doing so, we are able to assess the regional water supporting mechanism of the Group, and further improve our response capabilities when water shortage or limitation occurs.

⌷ Table of Risk Assessment of Water Resources

Item	Description / Impact on Qisda's Operation
Water Withdrawal	Qisda does not consume any water during the manufacturing process, but it needs to provide clean domestic water for employees' daily demands. According to the results analyzed by the WRI (World Resources Institute) Aqueduct's global water risk mapping tool, Taiwan is included in medium and low-risk regions, whereas the regions in which the Suzhou (China) Plant and the Vietnam Plant located are facing "high level" water stress. However, the municipal water supply is the only source of water for all Qisda's factories. As a result, the water shortage only occurred once over the past 15 years. Qisda has established procedures for emergency response with respect to water shortages. If we receive messages from the government or the media about water suspension/limitation due to contaminated water resource following typhoons or water shortage caused by droughts, we will notify contracted water carts to provide water for places that need support. This way, we can avoid operational disruption caused by water shortage.
Level of Risk **Low**	**Coping Strategies/ Management Mechanism** 1. Continuous implementation of water saving 2. Drawing up water shortage response plan

Item	Description / Impact on Qisda's Operation
Drinking water Quality	All of Qisda's factories rely on the municipal water supply as the only source of water, and have not extracted groundwater for operational use. We also establish drinking-water filtration systems and regularly inspect water quality in accordance with the laws and regulations so as to ensure safe water.
Level of Risk **Low**	**Coping Strategies/ Management Mechanism** None

Item	Description / Impact on Qisda's Operation
Water Pollution Control	The water pollution control equipment in the Taiwan Plant are operated and maintained by the professional personnel. We use biofilms to treat domestic sewage, whereas the produced sewage is discharged into the sewerage system built by the government. The sewage discharged by the Suzhou Plant is directly discharged into the municipal sewer system without causing any direct impact on water bodies and the land. Moreover, the effluent quality is regularly monitored and inspected in accordance with the regulations, and the results have surpassed legal standards. In recent years, there has not been any incident of water pollution for all factories.
Level of Risk **Low**	**Coping Strategies/ Management Mechanism** None

Item	Description / Impact on Qisda's Operation
Flooding	According to the results analyzed by the WRI (World Resources Institute) Aqueduct's global water risk mapping tool, all factories located in Taiwan, Suzhou (China) and Vietnam do not face "high level" flood risk. For the last 15 years, there is no loss caused by floods in the factories. In addition, Qisda has set up control procedures for precautions and emergency response. Before typhoon occurs, we ask cleaning service providers to clean the drains to improve drainage and avoid factories being flooded due to poor drainage. We also prepare emergency equipment such as sandbags and water-gates beforehand lest any issue occurs.
Level of Risk **Low**	**Coping Strategies/ Management Mechanism** Regular drills

Item	Description / Impact on Qisda's Operation
Legal Compliance	Qisda regularly checks the compliance with water-related laws and regulations at the end of every quarter. If there are regulatory updates, we comply with them immediately. In recent years, there has not been any violation of water-related laws and regulations.
Level of Risk **Low**	**Coping Strategies/ Management Mechanism** — Maintenance
Water Bill	The water bills in Suzhou (China), Vietnam and Taiwan are relatively low, and the Taiwan government has not yet imposed the water conservation charge. Considering that the factories maintain a medium amount of water usage, water bills have little impact to the costs in the future.
Level of Risk **Low**	**Coping Strategies/ Management Mechanism** — Implementation of water saving

In order to achieve the benefits of water conservation, the Company adopts the following traditional water-saving measures for our locations worldwide: 1) improving air conditioners and cooling towers to reduce water evaporation and fugitive emissions; 2) recovering and providing rainwater to facilities for plant watering; 3) adopting sense water-saving water taps; 4) producing simple save water slogans, and others, aiming to use 126 tonnes of water per million USD production value in our global locations. In 2022, the total water consumption of Qisda's global locations reduced by 14.7% in comparison with 2021. Furthermore, the water usage per million USD production value was 106 tonnes, which was also better than the established annual performance target.

Waste Recycling

Qisda complies with the regulations and sets up the environmental dedicated personnel to effectively manage the flow of waste, such as output, removal, and treatment. In addition to the continuous energy saving and waste reduction activities, we also adopt the strategy of source management for the waste. At the design stage, non-toxic raw materials, recycled materials, recyclable materials and easy-to-disassemble structure design are included to reduce the environment impacts when products are discarded. At the production stage, we reduce the amount of waste generated through process design, and initiatively implement resource classification (reuse, reuse) to achieve waste reduction in the manufacturing plant. There is no hazardous waste defined by the Basel Convention is produced during the manufacturing process. At the distribution stage, we use the standard version wooden pallets, reduce the number of special size pallets, and increase the reuse rate. In terms of the waste, in addition to entrusting qualified clearing and disposal companies to incinerate or reuse them, we uphold the concept of responsible producers and conduct regular audits for disposal companies to ensure proper waste disposal. The recyclable waste is sorted and recycled by outsourced companies in the resource recovery area of the factory. In order to increase the recycling proportion of the waste, Qisda has established waste management procedures and recycling targets. Action plans and goals are reviewed at the corporate sustainable development (ESG) meeting quarterly to achieve long-term results. In the past four years, Qisda Technology has achieved the goal that 90% of waste can be recycled and reused.

Unit\Year		2019	2020	2021	2022	2022Y target
Total waste recycled/reused	metric tonnes	28,882	32,536	38,079	32,212	**38,079** metric tonnes
Total waste disposed	metric tonnes	2,277	3,352	3,630	3,526	**3,630**
Waste landfilled	metric tonnes	0	0	0	0	
Waste incinerated with energy recovery	metric tonnes	2,277	2,873	3,003	2,649	
Waste incinerated without energy recovery	metric tonnes	0	0	0	0	
Waste otherwise disposed, please specify: Transported to external treatment facilities	metric tonnes	0	479	627	877	
Waste with unknown disposal method	metric tonnes	0	0	0	0	
Data coverage (as % of denominator)	percentage of:	100	100	100	100	

Pollutants

Qisda Suzhou Factory continues to devote itself to the improvement of environmental protection, and the exhaust gas emissions have been steadily decreasing year by year. The main action plan adopted are as follows: For the painting production line with a lot of exhaust gas emissions, we improve the process from the source and change the raw material from oil paint to waterborne paint. On this basis, the terminal exhaust gas treatment equipment has also been upgraded and transformed the process from the "activated carbon adsorption" to the "activated carbon adsorption and desorption", which is with a treatment efficiency over 80%. The project was praised by the Environmental Protection Department of Jiangsu Province and the Suzhou Municipal Government and published in many media. At the same time, this project was also selected as Suzhou's extraordinary ten-year environmental protection model case and broadcast on the prime time of Suzhou TV station. For the waste gas treatment of soldering process, Qisda introduced water spraying and activated carbon adsorption facilities. The adsorption efficiency of the activated carbon is strictly controlled, and the replacement frequency of activated carbon has also been changed from once a year or six months to a quarter. In the use of cleaning solvents, we are also committed to replacing traditional high-volatile solvents and switching to environmentally friendly solvent. Qisda's action plans, such as raw material replacement and processing equipment optimization, not only significantly help reducing air emissions, but also allow employees to work in a more friendly, comfortable and green environment.

VOCs Emissions of volatile organic gases (metric tons)

VOCs	2019	2020	2021	2022
	32.18	**15.33**	**11.62**	**7.33**

Biodiversity and Forest Conservation

Biodiversity

After 'climate change,' 'biodiversity' has become the next global sustainability issue, responding to the United Nations' Sustainable Development Goal 15: 'Life on Land.' QISDA commits to preserving the sustainability of forest ecosystems and preventing biodiversity loss. We have formulated policies for biodiversity conservation, which are published on their official website. Also, QISDA actively engages in removal, mitigation, and restoration efforts. In pursuit of this goal, QISDA has joined the ESG Technology Innovation Promotion Alliance and collaborates with seven graduate students to develop strategies for biodiversity. Through this cooperation, they plan to collaborate with relevant associations in 2023 to jointly conduct the 'Tree Frog' species removal project.

The Banded Bullfrog is an invasive species mainly distributed in the Taipei, New Taipei, and Taoyuan areas. The Banded Bullfrog's tadpoles prey on tadpoles of other native frog species in Taiwan, leading to difficulties in the reproduction of native species and posing a threat to local biodiversity. In response, the relevant association, commissioned by the Taoyuan City Government's Agriculture Bureau, is undertaking the task of species removal. QISDA will leverage its expertise to assist the association in species monitoring to enhance the efficiency of the mission.

In addition to actively engaging in biodiversity conservation efforts, QISDA plans to adopt TNFD (Task Force on Nature-related Financial Disclosures) to address the risks associated with biodiversity loss. We aim to begin the development of TNFD in the second half of 2023. TNFD follows a similar framework to TCFD (Task Force on Climate-related Financial Disclosures) and addresses governance, strategy, risk management, and metrics and targets. It classifies risks into transition, physical, and systemic risks, enabling early risk management measures to prevent or mitigate the potential impacts of biodiversity loss.

Forest Conservation

Furthermore, a significant portion of the world's forests is being excessively deforested, which can lead to the disappearance of biodiversity and global warming, posing immense survival risks to our environment. Recognizing the importance of cherishing and protecting the Earth, QISDA not only establishes a 'No Deforestation' policy but also commits to using forest-friendly materials, such as toilet paper and photocopy paper, in our operations.

Productivity

Recruitment and retention of talent

Human capital management

Protection of human rights

Health and safety at work

Social care and influence

BenQ Foundation

Recruitment and Retention

Employees are the long-term capital and the supporting capacity for innovation of a company. Qisda have a well-established training system and are dedicated to the improvement of the talent retention rate in order to strengthen the competitiveness of the Company in the industry. For this, we are committed to providing the employees with a complete work environment, and regularly reviewing and timely moderating the employee management rules with reference to the regulations at the regions where the Company is located and the business conditions, enhancing the employee solidarity with the Company by maintaining good work conditions and atmosphere.

〉 Talent Recruitment

Standards of Talent Selection

Qisda publicly recruits technology talents according to the business needs, and makes efforts to develop multiple channels to attract direct employees with "the right person in the right place" and "precedence of the internal talents for recruitment" as the basis. The principles of "no discriminatory treatment on the grounds of race, religion, skin color, nationality, gender, or other factors" and "prohibition of child labor" have also been established for talent selection.

⬚ New Employment Rate and Internal Fill Rate

Item	2019	2020	2021	2022
Total new hires recruited (person)	4879	3558	3166	2764
New employment rate (%)	50.3%	34.7%	42.1%	39.9%
Internal fill rate (%)	62.5%	65.3%	52.1%	58.5%

Note: Formula for internal fill rate = No. of employees with internal position transfers in the year / total vacancies in the year

Distribution of Internal Vacancy Filling		2019			2020			2021			2022		
		Taiwan	Suzhou, China	Vietnam	Taiwan	Suzhou, China	Vietnam	Taiwan	Suzhou, China	Vietnam	Taiwan	Suzhou, China	Vietnam
Gender	Male	222	128		171	104		151	96	23	188	118	29
	Female	82	79		91	69		74	85	4	87	64	12
Age	< 30	24	19		16	32		24	36	8	18	38	13
	30-50	264	185		234	139		188	142	19	226	133	25
	> 50	16	3		12	2		13	3	0	31	11	3

Distribution of New Hires		2019	2020	2021	2022
Gender	Male	3487	2487	1997	1882
	Female	1392	1071	1169	882
Age	< 30	3778	2715	2535	2254
	30-50	1096	838	624	502
	> 50	5	5	7	8
Region	Taiwan	255	230	218	194
	Suzhou, China	4624	3328	2526	1645
	Vietnam	–	–	422	925
Employee Category	Direct Labor	4174	3191	1527	1493
	Indirect Labor	705	367	1639	1271
Rank	Management	12	13	5	10
	Non-management	4867	3545	3161	2754

Note 1: Since the Vietnam Plant was established in 2021, it does not have the data for 2019 and 2020.

Note 2: The management refers to those actually serving in managerial positions in their units.

Local Hiring

Qisda gives priority to local candidates for employment.

Proportion of Senior Management Hired from Local Communities	Area	2019	2020	2021	2022
Proportion of senior management	Taiwan	3.3%	3.4%	3.4%	3.5%
	Suzhou, China	0.2%	0.1%	0.2%	0.3%
	Vietnam	–	–	0.8%	0.4%
Proportion of locally hired senior management	Taiwan	96.4%	94.9%	96.6%	96.5%
	Suzhou, China	16.7%	16.7%	23.1%	23.1%
	Vietnam	–	–	0.0%	0.0%

Note 1: Senior management: Executives at the level of director and above.
Note 2: Calculation of the proportion of senior management: Total number of senior management / total number of employees at the local site (local: Taiwan, China and Vietnam).
Note 3: Calculation of the proportion of locally hired senior management: Total number of locally hired senior management / total number of senior management at the plant (local: Taiwan, China and Vietnam)

› Diversity and Inclusion

Composition of Employees

Qisda had 6,950 employees in the world up to the end of 2022 (December 31, 2022). 1,651 of them were in Taiwan and the rest 5,299 employees were distributed in Suzhou, China (4,761), Vietnam (512) and other locations (26).

Distribution of Total Workforce		Taiwan		Suzhou, China		Vietnam	
		Male	Female	Male	Female	Male	Female
Contract Type	Permanent employment	1015	634	3176	1585	259	253
	Fixed-term employment	1	1	–	–	–	–
	Total	1016	635	3176	1585	259	253
Employment Type	Full-time	1016	635	3176	1585	259	253
	Part-time*	6	6	–	–	–	–
	Total	1022	641	3176	1585	259	253
Non-employee Worker	Temp worker** (outsourcing)	9	23	3264	1243	–	–

* The interns in Taiwan are classified as part-time employees but not counted in the regular workforce.
** The manpower of outsourcing, primarily consisting of operators in the field for highly repetitive tasks, is adjusted according to the volume of work.

🔲 **Distribution of Employees by Gender, Age and Labor Type**

2019 / **2020**

Distribution of Employees		2019 Male Number of Employees	2019 Male Percentage	2019 Female Number of Employees	2019 Female Percentage	2020 Male Number of Employees	2020 Male Percentage	2020 Female Number of Employees	2020 Female Percentage
Age	< 30	4392	65.9%	1526	50.4%	4298	64.3%	2018	56.3%
	30-50	2161	32.4%	1448	47.8%	2233	33.4%	1501	41.9%
	> 50	115	1.7%	54	1.8%	152	2.3%	66	1.8%
Title	Management	425	6.4%	131	4.3%	436	6.5%	131	3.7%
	Professional Personnel	1119	16.8%	776	25.6%	1085	16.2%	762	21.3%
	Technical Personnel/ Assistants	5124	76.8%	2121	70.0%	5162	77.2%	2692	75.1%
Employment Type	Direct labor	4137	62.0%	1514	50.0%	4246	63.5%	2106	58.7%
	Indirect Labor	2531	38.0%	1514	50.0%	2437	36.5%	1479	41.3%
Area	Taiwan	1053	15.8%	658	21.7%	1039	15.5%	683	19.1%
	Suzhou, China	5615	84.2%	2370	78.3%	5644	84.5%	2902	80.9%
	Vietnam	–	–	–	–	–	–	–	–

2021 / **2022**

Distribution of Employees		2021 Male Number of Employees	2021 Male Percentage	2021 Female Number of Employees	2021 Female Percentage	2022 Male Number of Employees	2022 Male Percentage	2022 Female Number of Employees	2022 Female Percentage
Age	< 30	2327	50.0%	1272	44.5%	2131	47.9%	910	36.8%
	30-50	2136	45.9%	1508	52.8%	2073	46.6%	1468	59.4%
	> 50	195	4.2%	78	2.7%	247	5.5%	95	3.8%
Title	Management	466	10.0%	134	4.7%	455	10.2%	139	5.6%
	Professional Personnel	1147	24.6%	826	28.9%	1115	25.1%	819	33.1%
	Technical Personnel/ Assistants	3045	65.4%	1898	66.4%	2881	64.7%	1515	61.3%
Employment Type	Direct labor	2689	57.7%	1822	63.8%	2564	57.6%	1731	70.0%
	Indirect Labor	1969	42.3%	1036	36.2%	1887	42.4%	742	30.0%
Area	Taiwan	1069	22.9%	660	23.1%	1016	22.8%	635	25.7%
	Suzhou, China	3404	73.1%	1984	69.4%	3176	71.4%	1585	64.1%
	Vietnam	185	4.0%	214	7.5%	259	5.8%	253	10.2%

⬚ **Statistics by Rank, Age, Gender and Area**

Rank	Age	Taiwan		Suzhou, China		Vietnam		Total
		Male	Female	Male	Female	Male	Female	
Management	< 30	0	0	0	0	1	1	2
	30–50	152	33	155	80	26	3	449
	> 50	94	18	22	4	5	0	143
	Total	246	51	177	84	32	4	594
Non-management	< 30	115	134	1789	589	131	152	2910
	30–50	569	393	1171	896	95	97	3221
	> 50	86	57	39	16	1	0	199
	Total	770	584	2999	1501	227	249	6330

⬚ **Distribution of Nationality of Direct and Indirect Personnel**

Nationality of Employee	Taiwan				Suzhou, China				Vietnam			
	Indirect Labor		Direct labor		Indirect Labor		Direct labor		Indirect Labor		Direct labor	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Taiwan	916	470	71	82	27	2	0	0	12	0	0	0
Japan	0	1	0	0	0	0	0	0	0	0	0	0
Malaysia	1	1	0	0	5	0	0	0	1	0	0	0
Vietnam	0	0	28	81	0	0	0	0	29	50	181	203
China	0	0	0	0	871	218	2273	1365	25	0	11	0
Total	917	472	99	163	903	220	2273	1365	67	50	192	203

Information on the Wage of Full-time Non-managerial Employees

⬚ **Wage of Non-managerial Employees in Taiwan (NT$ thousand)**

Item	2020	2021	2022	Deviation (%)
No. of full-time non-managerial employees (person)	1,713	1,758	1,747	-0.6%
Average wage of full-time non-managerial employees (NT$ thousand)	1,508	1,592	1,695	6.4%
Median wage of full-time non-managerial employees (NT$ thousand)	1,238	1,258	1,289	2.5%

Note 1: As defined by the Directorate General of Budget, Accounting and Statistics, Executive Yuan, for material terms, a full-time employee means the one who works to the full normal work hours specified by a company or to the statutory work hours. We set 40 normal work hours and, thus, all the employees of the Company are full-time employees.
Note 2: The total wage includes the basic salary, overtime pay, various allowances and bonuses, employee compensation, etc. The estimated amount of share-based payment under expenditure is not included.
Note 3: Average wage of employees = Total wage of full-time non-managerial employees ÷ total No. of full-time employees.
Note 4: The median wage of employees refers to the middle value of the numbers of wages of all employees ordered from smallest to greatest.
Note 5: Deviation (%) = Gap between the data for 2022 and that for 2021 / data for 2021

⬚ **Percentage of Nationality of Employees and Managers**

Nationality	Percentage in Total Employees		Percentage in Total Managers	
	No. of Persons	%	No. of Persons	%
Taiwan	1580	23%	328	55.3%
Japan	1	0%	1	0.2%
Malaysia	8	0%	7	1.2%
Vietnam	572	8%	7	1.2%
China	4763	69%	250	42.2%
Total	6,924	100.0%	593	100.0%

Employees with Disabilities

Qisda encourages the hiring of diverse talents to drive the Company's growth in a continuous manner. In 2022, a total of 84 employees with disabilities were hired by us worldwide based on the compliance with the local governments' regulations regarding the employment of talents with disabilities.

Disability	Taiwan					Suzhou, China				
	Indirect Labor		Direct labor		Total	Indirect Labor		Direct labor		Total
	Male	Female	Male	Female		Male	Female	Male	Female	
No. of Employees with Disabilities	7	3	3	1	14	0	0	38	32	70
No. of Total Employees	917	472	99	163	1651	903	220	2273	1365	4761
Ratio	0.8%	0.6%	3.0%	0.6%	0.8%	0.0%	0.0%	1.7%	2.3%	1.5%

Open-minded, Respectful and Diversified Work Environment

Qisda regards "integrity and self-discipline, pursuit of excellence, passion and focus on fundamentals, and care and contribution" as the core values of the code of conduct. To ensure the consensus among all the employees and the correct decisions, we have developed our Code of Conduct for all the employees to follow and thereby move towards the vision of "Bringing Enjoyment 'N Quality to Life." Holding human-oriented values, we support and protect the human rights of all the stakeholders, and maintain a diversified, fair and open-minded work environment that respects cultural diversity, in order to stimulate the innovation of employees, motivate employees, and create a broader business perspective as well as more varied experience in the industry. The Company offers the employees fair promotion channels and communicates such concept to all the operating bases in the world, in the hope of building an environment that allows people to fully express their ideas and opinions and ensures smooth communication.

Pursuit of Equality in the Workplace, Including Gender Equality

Qisda strictly prohibits any forms of discrimination and harassment, sticking to the spirit of providing the employees with a work environment free of discrimination and harassment. This applies to the employment, training, performance evaluation, promotion, transfer, wage and other internal activities of the employees. The senior managers, employees, job seekers, customers and business partners of the Company are required to comply with the rule, and are meanwhile protected by the rule. All the factors unrelated to work, such as ethnicity, nation, race, caste, color, age, gender, sexual orientation, gender identity and expression, national or territorial origin, disability, pregnancy, religion, political affiliation, union membership, family responsibility, veteran status, genetic information or marital status and other factors specified in the law, shall be excluded from the considerations for decisions concerning employee rights. All forms of harassment, including defamation, aggressive and sexually suggestive language, images, objects and physical contacts, and behaviors, acts or environment that could make other employees feel uncomfortable, insulted, threatened or afraid, are strictly forbidden by the Company. Also, no discrimination against the employees is allowed in relation to the recruitment, actual practices, wage, promotion, reward, access to training, dismissal, or retirement.

Distribution of Female Employees	2019	2020	2021	2022
Proportion of female employees	31.3%	34.9%	38.1%	41.5%
Proportion of female managers	23.4%	23.1%	22.3%	22.8%
Proportion of female entry-level managers	24.5%	23.8%	23.4%	23.8%
Proportion of female senior managers	15.2%	17.9%	14.3%	15.3%
Proportion of female managers in business-related units (marketing business)	37.7%	36.7%	35.0%	43.1%
Proportion of female STEM employees (R&D/engineering/industrial design)	21.8%	21.6%	21.5%	21.6%

Note 1:
The word "business-related" means that the managers play the line management roles in the departments such as marketing, or directly contribute to the output of products or services (marketing business/customer service, in particular).

Note 2:
STEM refers to science, technology, engineering and mathematics. STEM workers apply their knowledge of science, technology, engineering or mathematics to perform their daily duties. This is primarily related to the R&D/engineering technology/industrial design/finance and accounting.

Qisda firmly believes that diverse talents will open the possibility of unlimited growth for an organization. Therefore, our female employees have the same opportunities and rights as male employees in all aspects. To make sure that all our managers and employees adhere to the "Qisda Employee Code of Conduct," we provide relevant training for all of them in Q4 every year; the global employee training rate was 100% in 2022, with the training covering issues such as avoidance of conflict of interest, legal compliance, pursuit of a fair work environment, anti-discrimination and zero tolerance. The Code of Conduct and related systems are announced on the Company's internal website for the employees to look up at any time. Performance targets are set every six months, and the Code of Conduct is one of the evaluation items to ensure all our personnel's conformity to it.

Steadily Growing Power of Women in Technology Based on Diversity and Inclusion

Committed to diversity and inclusion and advocating gender equality, Qisda has set gender equality targets.

Target 1: Qisda intends to have two more female directors in the Board of Directors in 2023.

Target 2: We aim to have more than 30% female entry-level managers by 2040.

Support to female employees for business travel: We have established a section for issues of business travel for female employees on our internal website of business travel, in order to remind female employees of the culture they need to adapt to and the matters to be noticed during their trips to other places.

Exclusive welfare for female employees: We have demarcated parking spaces and installed baby care hardware equipment for pregnant female employees. Flexible breastfeeding time is also provided for them to take care of the maternal work even in the workplace. Further, a flextime system is established for the employees to strike a balance between work and life based on flexible time arrangements.

Development of female talents: We hold the HR Evaluation Committee meeting every six months to review the report on the development and promotion of talents. The promotion rate is analyzed by gender; the recent analysis result shows that the female employees have a higher promotion rate than the male employees in these two years.

Four schools of Qisda Academy: The Academy includes the School of Leadership and Management, which particularly focus on the leadership development of managers. To enhance the diversity of manager development, we provided 6 courses and lectures on leadership in 2022; 443 employees were trained, with female employees accounting for 33%.

Promotion Rate in Taiwan	2021	2022
Male	10.7%	11.0%
Female	11.1%	11.0%

Ratio of Basic Salary and Compensation of Women to Men

Rank	Taiwan		Suzhou, China		Vietnam		Total	
	Salary	Compensation	Salary	Compensation	Salary	Compensation	Salary	Compensation
Senior Managers	0.90	0.99	1.3	1.3			98%	105%
Managerial Officers	0.90	0.94	0.97	0.94	1	1	94%	94%
Non-managerial Employees	0.96	0.98	1.1	0.97	1	1	106%	97%

Note 1: The data above is the ratio of average salary and compensation of women to men throughout 2022.
Note 2: Senior management: Executives at the level of director and above.
Note 3: Managerial officers: Executives at the level of deputy manager and above.

⟩ Talent Retention

Compensation Policy

To attract and retain outstanding talents, Qisda observes the labor laws and regulations at the places where our significant operational sites are located. The pay to the employees is not less than the base wage required by law and is not different on the grounds of gender, religion, race, nationality or political affiliation. To provide employees with a compensation policy that is competitive on the market, the employee payment is adjusted based on the personal education background and experience, professional skills, and performance of the employee to ensure the wage is compliant with the offer on the market and the fairness. We refer to the wage survey report of a third-party remuneration consultant and the business status of the Company every year, and review the achievement of the goal at the end of the year. As for the compensation to the senior managers, the Compensation Committee reviews the annual achievement rate of relevant performance indicators at the meeting and determines the scope of the annual compensation.

Ratio of Standard Entry-level Wage to Local Minimum Wage

Ratio of standard wage to local minimum wage	Taiwan	Suzhou, China	Vietnam
	1	1.02	1.13

Note: Calculation method: Entry-level starting wage / statutory basic wage.

Employee Welfare System

With the concept of creating a workplace of health and well-being, Qisda has promoted the diverse employee welfare so that all the employees experience a premium working environment and a corporate culture that brings a sense of health and well-being. The Company mainly provides the welfare measures as shown in the following table. The temporary workers enjoy the same welfare as the full-time employees except for the performance bonus, which is only provided to the latter. Only a few temporary workers are not incorporated in the scope of the welfare due to their short work time (less than 6 months). Qisda follows the regulations and systems of social insurance all over the world to protect the basic rights of the employees. Group insurance for the family members is also available for the employees

to add to their own insurance, and we arrange the personnel of the insurance company to provide on-site consultation services and assist with the application for claims.

With a view to making the employees work without worries, those who need to take care of children or with health requirements may apply for flexible or less working hours in accordance with the Company's "Regulations for Management of Flexible Working." During the COVID-19 pandemic, the Company has adopted a flexible WFH policy, allowing the employees to finish their tasks at home. The employees who cannot come to the offices due to illnesses or injuries may also work at home without entering the offices as long as their applications are approved.

Qisda's Major Welfare Measures

Taiwan

Offered According to Laws	Regular Welfare	Welfare Better Than Legal Requirements
1. Health insurance and labor insurance 2. Appropriation of labor pension reserve 3. Appropriation of wage arrears payment fund 4. Appropriation of occupational accident insurance fund 5. Infirmary and contracted on-site physician 6. Parental leave and paternity leave (for male employees) 7. Family care leave and vaccination leave	1. Company Childcare Support (childcare allowance for those with 0–6-year-old children; NT$30,000/child per year) 2. Gifts to the parents of the employees for Father's Day and Mother's Day 3. Lunch allowance and free dinner 4. E-voucher of NT$11,000/person per year 5. Contracted hospital 6. Dormitory/production line uniform 7. Free sports center and diversified fitness/club courses 8. Services such as healthy massage/consultation on ergonomic issues/EAP psychological counseling 9. Professional allowance for forklift operators of NT$1,500/person per month	1. Vaccination leave 2. Self-paid group insurance for the family members of the employees 3. Allowance for marriage, funeral, festivities, and childbirth; consolation money for injury and illness 4. Employee Stock Ownership Trust 5. Epidemic prevention insurance for the employees 6. Pension system 7. Volunteer leave and engagement leave 8. Referral of the infected employees to the quarantine hotel

Suzhou, China

Offered According to Laws
1. Social insurance (retired life, medical service, unemployment, occupational injury, childbirth) 2. Housing provident fund 3. Paid annual leave

Regular Welfare	Welfare Better Than Legal Requirements
1. Infirmary 2. Sports center 3. Meal allowance 4. Contracted store 5. Dormitory/uniform	1. Education and training 2. Subsidies for employees' quarterly activities

Maternity Care

I. Maternity Care:

- Demarcation of free parking spaces
- Setup of lactation rooms open during the working time, with free milk collection bags provided by the
- Company and in-plant medical staff available for consultation at any time
- Provide friendly medical checkup time
- Application for flexible working time arrangement (with clocking-in time adjusted to 9:00)
- Maternity Health and Workplace Health Protection Plan

II. Welfare for Childcare:

- 7 days of pregnancy checkup accompaniment and paternity leave as per the law
- A total of NT$180 thousand childcare allowance:
- NT$30,000/child per year (until 6 years old)
- Contracted kindergartens for the parents to use the childcare services without worries

▯ **Unpaid Parental Leave**

Item	Taiwan	
	Male	Female
Number of employees eligible for application for unpaid parental leave in 2022 (person)	120	68
Number of employees actually applying for unpaid parental leave in 2022 (person)	4	15
Application rate of unpaid parental leave in 2021 (%)	3.3%	22.1%
Number of employees expected to be reinstated in 2022 (person)	6	19
Number of employees actually reinstated in 2022 (person)	5	16
Reinstatement rate in 2022 (%)	83.3%	84.2%
Number of employees reinstated in 2021 (person)	6	10
Number of employees reinstated in 2021 that had stayed in their jobs for one year (person)	5	9
Retention rate in 2022 (%)	83.3%	90.0%

Performance Evaluation

Performance Management System

In order to reinforce the mechanism of communicating the Company's strategy goals downward to each level, a KPI system is applied to all the employees. We connect the Company, departments and individuals in a top-down manner to pursue the organizational strategy goals at all levels, and, by setting quantitative targets, clear scoring principles, and weight of each goal, we drive the members to take corresponding actions to achieve the goals.

Qisda carries out diversified performance evaluation once every 6 months. The approaches include the setting of performance targets (reviewing the overall performance in the current period and set targets for the next period), multi-faceted feedback, and performance rating.

For the one with the lowest performance rating, an individual performance improvement plan will be devised and timely assistance will be provided so as to boost his/her performance.

▯ **Percentage of Performance Target Achievement Rate and Performance Evaluation Completion Rate in 2022**

	DL		IDL	
	Male	Female	Male	Female
Performance Target Achievement Rate	100%	100%	99.3%	99.4%
Performance Evaluation Completion Rate	100%	100%	100%	100%

Approach	To Whom	Method
Performance target management	All employees	**Setting performance targets for units:** Qisda holds an operating goal alignment meeting at 6-monthly intervals to discuss the targets for the next period with the top-level units within the organization. The targets for each unit will be subsequently decided and, level by level, assigned downward to the unit members, so that the employees at all levels work together to attain the organizational strategy goals. **Indirect labor:** The employees take responsibility for the assignments after the unit targets are determined. The personal performance targets are set half yearly, with the action plans put forward through the MBO method. The managers shall supervise their subordinates' performance, regularly tracking such performance and providing feedback as well as instructions in an agile manner so that the subordinates manage to reach the targets. At the final stage of evaluation, the employees make self-evaluation first, and the managers further evaluate them based on their status of achievement. In addition to the performance target achievement rate, the evaluation items also include the related behavioral indicators such as the employee compliance with the Company's Code of Conduct, risk management, and information security. **Direct labor:** As the performance targets of this kind of employees are linked with the Company's production capacity and quality, all the plant managers manage the targets periodically by selecting the best team and employee in each month according to the indicators of monthly work quality, discipline, efficiency and attendance.
Multi-faceted feedback	All employees	We give multi-faceted feedback once a year to ensure more diverse evaluation channels. The feedback covers the core competencies that the employees are required to have for their respective ranks. Not only do the managers evaluate the subordinates, but the subordinates provide feedback to the managers; the details therein are taken as references for the employees and managers in the period of setting performance targets, which helps facilitate the subsequent career development planning. Such an approach is to be adopted in Suzhou, China and Vietnam as well in 2023.
Performance rating	All employees	**Indirect labor:** Each unit rates their employees based on the employees' performance target achievement status, multi-faceted feedback and other indicators and by management/non-management, rank and type of position to have references for the rank promotion, personal development, performance improvement, and bonus/remuneration planning. **Direct labor:** As the performance targets of this kind of employees are linked with the Company's production capacity and quality, all the plant managers rate the employees according to the indicators of their work quality, discipline, efficiency and attendance.

Long-term Incentive Plan

Employee Stock Ownership Trust		
Applicable to	Implementation Method	Amount
Full-time employees in Taiwan who have passed the probation (i.e. employed for 3 months) and thus allowed to apply for the ESOT	The employees participating in the ESOT can buy the Company's shares according to their respective ranks and the corresponding incentives appropriated by the Company; the higher the rank, the more the amount of jointly appropriated incentive. By this way, we motivate the employees to strive for the opportunities of rank promotion, meet the performance targets, and thereby contribute to a synergistic effect for the overall operating performance of the Company. **Employee voluntary contribution:** Based on the personal rank, a participant contributes a certain amount from the monthly pay as the trust fund to purchase the Company's shares. **Company incentive:** The Company also appropriates an incentive of the amount up to 100% of the employee voluntary contribution (50% for those working with the Group for 5 years and 100% for those working for 10 years).	In 2022, the incentives appropriated by the Company totaled more than NT$167 million.

Retention bonus		
Applicable to	Implementation Method	Amount
Talents in key positions critical to the organizational development	To ensure that the talents in key positions keep staying in the Company and creating steady long-term operating performance for the organization, we enter into a retention bonus contract with the outstanding talents in key positions to reach an agreement that they can receive full retention bonus after staying in the Company for the specified retention years (i.e. 2 years as specified by the retention bonus program in 2022). By distributing the retention bonus, we motivate the talents in key positions to have better future performance as well as bringing more permanent operating benefits to the Company, which reflects a win-win situation.	In 2022, around NT$20 million was distributed as retention bonus.

Pension

Qisda follows the regulations and systems of retirement all over the world and protects the rights of the employees who are planning to retire. Details are described below. For more information about the Compensation Committee, please refer to the "Corporate Governance Operation."

1. **The labor pension reserve appropriated in accordance with the Labor Standards Act**
   The Company makes a contribution to the pension fund for the employees every month and remit it to the labor pension reserve fund account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. The fair value of plan assets up to the end of 2022 was NT$429,122 thousand. According to the law, the expenses that the Company recognized in 2022 was NT$13,799 thousand. The insufficient fund was presented as accrued pension liabilities. The total amount of the funds up to the end of 2022 was NT$277,431 thousand.

2. **The pension appropriated in accordance with the Labor Pension Act**
   The Company appropriates an amount equal to 6% of the monthly wage of an employee to the personal account at the Bureau of Labor Insurance. The amount of the expenses recognized in 2022 was NT$93,692 thousand. The overseas subsidiaries also appropriate a pension every month in accordance with local laws and regulations.

Employee Engagement

It is Qisda's firm belief that employees are fundamental to the corporate sustainable operation. Since 2020, the Company has tried to get the opinions and feedback of the employees through the employee engagement survey on an annual basis as a means of follow-up, in order to improve the Company's operation and management. The scope of the survey covers the employees of all our plants and units in the world, and the report on survey results is disclosed. To make the survey more scientific and reliable, the structure, questions and analysis method of the questionnaires in different areas of the world are consistent with each other. In addition, we perform comparative horizontal analysis of the trends by different employee group, area and survey year to enhance the overall effectiveness of the survey. In 2022, a total of 6,110 employees were involved in the global employee engagement survey, and 5,177 of them responded to it; the response rate was 85%. The overall global employee engagement score was 4.57 (out of 6 points).

The analysis of the survey results shows that the employees have a certain level of engagement. However, they look forward to and ask for more support from the managers and learning opportunities for growth. In response to the results, the Company arranged the cross-generation management training in 2022 to help the entry-level and medium managers understand the work values of different generations and develop appropriate leadership and management concepts. In 2023, we will keep on enhancing the leadership of managers at all levels. Further, with the mitigation of the pandemic, we will resume the arrangement of physical courses that have been impacted by the pandemic in a gradual manner to go with the online courses for continuous promotion, providing the employees with more diverse and timely learning resources to support their learning and growth. Through the engagement survey, we know our strengths, aspects to be improved, and the employees' expectation for us. We thereby maintain our strengths while making improvement plans to display our emphasis on the employees' opinions, committed to creating a workplace of higher quality for the employees.

Employee Engagement	
Survey Description	1. The survey, designed with reference to the Q12 questionnaire structure, included four survey dimensions: basic requirements, manager support, teamwork, and learning and growth. The questionnaire helps understand an employee's work experience in the Company, awareness of the work targets, trust in the team/manager, etc. 2. **Distributed to:** All the IDL and DL employees of Qisda in the world
Survey Scale	1. A six-point scale was used: 1 = strongly disagree, 2 = disagree, 3 = slightly disagree, 4 = slightly agree, 5 = agree, 6 = strongly agree 2. Definition of employees with high engagement: Those getting 4 to 6 points through the questions

🔖 **Engagement Survey in 2022**

Distributed in	2020	2021	2022
	Taiwan	Taiwan, Suzhou (China)	Taiwan, Suzhou (China) and Vietnam
No. of Copies of Questionnaire	2,050	6,404	6,110
No. of Recovered Copies	872	3,979	5,177
Recovery Rate	43%	62%	85%
Average Engagement	4.34	4.55	4.57
Engagement (%)			80%
Gender	Male	N/A	4.57	4.60
	Female	N/A	4.52	4.56
Age	< 30	N/A	4.53	4.69
	30–50	N/A	4.57	4.56
	> 50	N/A	4.56	4.46
Rank	Management	N/A	4.52	4.56
	Non-management	N/A	4.58	4.59
Area	Taiwan	4.34	4.48	4.52
	Suzhou (China)	N/A	4.61	4.63
	Vietnam	N/A	N/A	4.56

Note: The scope of employee engagement survey included only Taiwan in 2020 and included Taiwan and China in 2021.

Employee Engagement in 2022		4–6 Points (%)
Overall Engagement		80%
Gender	Male	81%
	Female	79%
Age	< 30	83%
	30–50	79%
	> 50	77%
Rank	Management	79%
	Non-management	81%
Area	Taiwan	75%
	Suzhou, China	81%
	Vietnam	85%

Note: There are no raw data for 2020 and 2021 to be included in the statistics as the survey in the two years was conducted in an anonymous manner by an external consulting firm commissioned by us.

Employee Turnover Rate

Qisda hopes to manage the resignation tendency of the employees effectively. Therefore, the immediate supervisor of the employee who raises a resignation is informed to arrange an interview right after the resignation is received to understand the reason of the resignation and persuade the employee to stay in the Company. In consideration of the fluctuation of the economy and the change of the environment, a healthy turnover rate can guarantee to bring new blood into the Company continuously. The voluntary turnover rate of Qisda in Taiwan was 9.8%. In general, the turnover rate of employees, direct labor in particular, was relatively high in China because of the impact of the local labor market.

Employee Turnover Rate

Employee Turnover Rate		2019	2020	2021	2022
Total Turnover Rate (%)		26.7%	17.8%	24.2%	20.7%
Voluntary Turnover Rate (%)		26.6%	17.7%	24.0%	20.3%
Total Turnover Rate (%)	Male	26.7%	19.2%	26.7%	20.2%
	Female	26.6%	15.3%	20.2%	21.6%
Voluntary Turnover Rate (%)	Male	26.6%	19.1%	26.6%	19.7%
	Female	26.4%	15.1%	19.9%	21.4%
Total Turnover Rate (%)	< 30	31.8%	21.1%	30.8%	29.2%
	30–50	19.3%	13.1%	18.6%	14.6%
	> 50	7.7%	5.5%	11.7%	7.3%
Voluntary Turnover Rate (%)	< 30	31.7%	21.1%	30.8%	29.1%
	30–50	19.1%	13.0%	18.5%	14.3%
	> 50	5.3%	3.2%	8.8%	2.6%
Total Turnover Rate (%)	Taiwan	8.6%	9.2%	10.5%	11.4%
	Suzhou, China	30.6%	19.6%	28.6%	22.6%
	Vietnam			24.8%	32.6%
Voluntary Turnover Rate (%)	Taiwan	7.8%	8.7%	9.7%	9.8%
	Suzhou, China	30.6%	19.6%	28.6%	22.6%
	Vietnam	–	–	24.8%	32.6%
Total Turnover Rate (%)	Management	4.8%	2.2%	3.3%	4.4%
	Non-management	28.0%	18.8%	26.0%	22.2%
Voluntary Turnover Rate (%)	Management	4.4%	1.7%	3.1%	3.4%
	Non-management	27.9%	18.7%	25.8%	21.9%

Note: The statistics on turnover rate above do not include those employed for less than 3 months.

Human Capital Management

Qisda puts emphasis on the enhancement of the overall corporate competitiveness and the improvement of the knowledge and skills that the employees need for their jobs. Diversified career development plans in which adequate resources are invested and physical and virtual learning platforms are integrated have been provided for the employees to take part in a variety of courses and lectures. Meanwhile, the duty oriented Qisda Academy has been set up according to the business strategies and the organizational development needs; it gives training courses to all the employees based on the development plans formulated for the respective schools, helping them comprehensively improve their professional knowledge and skills. We set an average of 26 training hours per employee as the target for 2022, and actually reached an average of 30.3 training hours in the year. Besides this, we audit the implementation progress of training every 6 months to ensure the effectiveness of annual training.

In addition to the green product related courses, the Company incorporates the Responsible Business Alliance (RBA) Code of Conduct, Hazardous Substance Process Management System (IECQ QC 080000), and ESH in the required courses for all the employees, in order to show our attention to social accountability. With a view to ensuring that the employees have deep-rooted knowledge of sustainability, the Company includes at least three pieces of sustainability information a week in the regular newsletter, and at least one piece of sustainability-related information a week for the casual reading. On the first weekend of every month, the senior managers receive some news about sustainability, which helps them know more about the new knowledge and trends of sustainable operation.

〉 Qisda Academy

We take Qisda Academy as the basis of the training. It is comprised of four schools, namely the School of Professional Competence, the School of Learning and Growth, the School of Innovation and Continuous Improvement, and the School of Leadership and Management, planned with reference to the properties of the courses and the participants. Comprehensive training plans are provided to meet different learning requirements. To offer more timely learning resources to the employees and support them to play a better role in their work, for learning channels, Qisda not only provides physical programs, but has an internal e-learning

platform and a knowledge sharing platform for the employees to participate in related online courses and acquire knowledge online. Since 2019, the Company has advocated mobile learning, increasing the proportion of digital courses and developing the learning APP so that the employees can make use of fragmented time to learn with their mobile phones. As of the end of 2022, the digital courses have made up 75% of our overall training.

Training Courses of the Four Schools

School of Professional Competence

This School designs related training programs in consideration of the difference between the functions of the Company to improve the professional capabilities of the employees.

School of Learning and Growth

This School covers a complete set of training programs for new employees and internal instructors. Also, it has launched the inUniversity Program to keep in line with the industry–university project of the government.

School of Leadership and Management

This School designs related guiding courses in consideration of the management requirements of the managers at different levels to help them make further improvement and develop their own leadership.

School of Innovation and Continuous Improvement

This School provides the innovation and development momentum, and introduces resources for the courses on business model innovation and design concepts, enabling the employees to bring their creativity into full play and create an organizational culture of innovation.

Qisda Academy

- **School of Professional Competence**
- **School of Learning and Growth**
- **School of Innovation and Continuous Improvement**
- **School of Leadership and Management**

Job Description

Department Training Blueprint

Ordinary Employees / Senior Employees / Entry-Level Managers / Middle managers / Senior Managers

School of Professional Competence:
- MFG Professional Courses
- SCM Professional Courses
- PM/Sales Professional Courses
- R&D Professional Courses

School of Learning and Growth:
- InUniversity Program
- New Comer Orientation
- Win Camp for New Hires
- Training for Internal Instructors

School of Innovation and Continuous Improvement:
- DMAIC awareness
- DFX
- CIP Champion
- Qisda Forum
- Patent

School of Leadership and Management:
- Training for New Managers
- FLP
- ALP
- SLP
- TDC

Diverse Career Development

In 2022, in response to the diverse business and globalized development of the organization, we invested a total of US$2,853,739 in training around the world, namely US$412.15 for each employee on average. The training hours of all our employees around the globe totaled 209,452 hours, i.e. 30.3 hours of training per person on average. The table below presents the average training hours disaggregated by gender, employee category and management/non-management.

Category	Group	Average Training Hours per Person		
		Taiwan	Suzhou (China)	Vietnam
Gender	Male	48.3	23.4	39.6
	Female	29.5	29.8	38.9
Age	< 30	41.1	25.5	39.2
	30–50	41.1	25.5	39.2
	> 50	41.1	25.5	39.2
Employee Category	Direct Labor	8.5	20.9	36.2
	Indirect Labor	47.2	40.5	49.4
Rank	Management	51.1	17.0	29.3
	Non-management	38.9	26.0	39.9
Average of All Employees		30.3		
Average Cost of Training (US$)		412.15		

Human Capital ROI

2019	2020	2021	2022
2.19	2.15	2.08	1.98
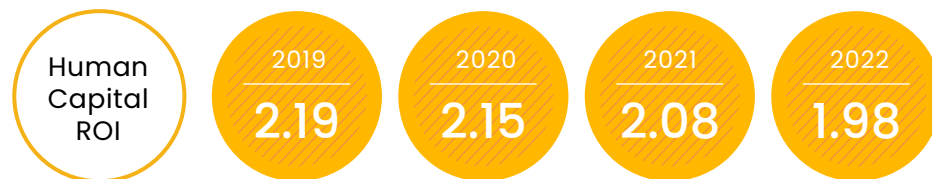
Note: Human Capital ROI= (Total Revenue- (Total Operating Expenses-Total employee-related expense)) / Total employee- related expense

Key Employee Development Programs in 2022

1. Employee learning blueprints formulated for the employees to develop professional capabilities to take up future challenges

Outstanding talents are the key driving force for a company's sustainable growth. To continuously foster and strengthen the employees' workplace skills so that they could adapt to the internal work environment and respond to external trends and changes, a series of learning courses were devised for the employees, including new hires and senior personnel, with the talent development strategy focusing on cognitive thinking, influence in communication, digital application, and self-competition. We arranged elective courses as well as compulsory courses and integrated physical and digital resources, not only equipping the employees with the skills necessary in the workplace, but also enabling them to create a personalized organizational learning environment by selecting the courses they were interested in based on their work and requirements of career development with the flexibility of space and time. In 2022, around 2,300 employees attended relevant courses; the average satisfaction score for the learning courses was 4.80.

Cognitive Thinking — Developing systematic thinking to stay on top of the overall situation; ensuring insightful financial thinking to understand the operation focuses of the Company; stimulating creative thinking to develop processes of innovative products; facilitating multi-dimensional thinking to enhance personal capabilities of decision making and innovation at work

**Influence in Communication** — Understanding the two-way communication of human nature and further extending to the skills of parallel and upward communication; fostering the utilization of simulation scenarios of presentation and business negotiation; building the skills required for both internal and external communication

Digital Application — Helping the employees to know how to define problems correctly, identify necessary data and learn data analysis methods, and to boost their skills of solving problems with data based on systematic problem solving methods and data analysis tools

Self-competition — With self-management, learning and growth as the core of development, enhancing personal capabilities of work planning and workplace competitiveness through courses on the awareness of personal strengths, creation of highly effective learning patterns, work time management, mindset of career development, etc.

2. Manager leadership development plan

To develop the critical leadership and management capability required for managers at different levels, and to ensure the capabilities that should be prepared for the future challenges in relation to organizational growth, we built the training and development system for the managers at all levels in consideration of our core management functions. The managers, whether novices of great potential or experienced experts, had their own capability development plans under which they systematically acquired the leadership and management capability necessary for a leader through progressive rank-based management courses and job rotation.

- **Trainees:** The managers at all levels; a total of 335 managers were trained (making up 58% of the management).
- **Training plans:**

Participant	Focus of Development
Fresh Leader Program	
Potential talents/ new managers	Inspiring the awareness and concept of management, and enabling the participants to understand the basic knowledge of management and the full picture of leadership
Action Leader Program	
Entry-level managers	Developing the participants' practical skills in relation to management and leadership so that they can lead their teams to complete the tasks assigned by the higher managers
Strategic Leader Program	
Middle managers	Emphasizing the planning of and implementation for department strategy goals, and developing the capacity to take responsibility for and work towards the strategy goals of the upper management
Visionary Leader Program	
Senior managers/ heads of business units	Facilitating strategic business planning and deployment thinking, and developing the organizational leadership and the capability to shape the culture and environment

Qisda's Course Blueprint for Employee Learning and Growth

Development of New Hires — Development of Workplace Skills

Culture of the Group — Win Camp — Teamwork — Goal Management — Problem Analysis and Solving — Code of Conduct — Legal Awareness — Professional Training — Cognitive Thinking — Influence in Communication — Core Competencies — Digital Application — Self-competition

Courses for New Employees — Courses for All Employees
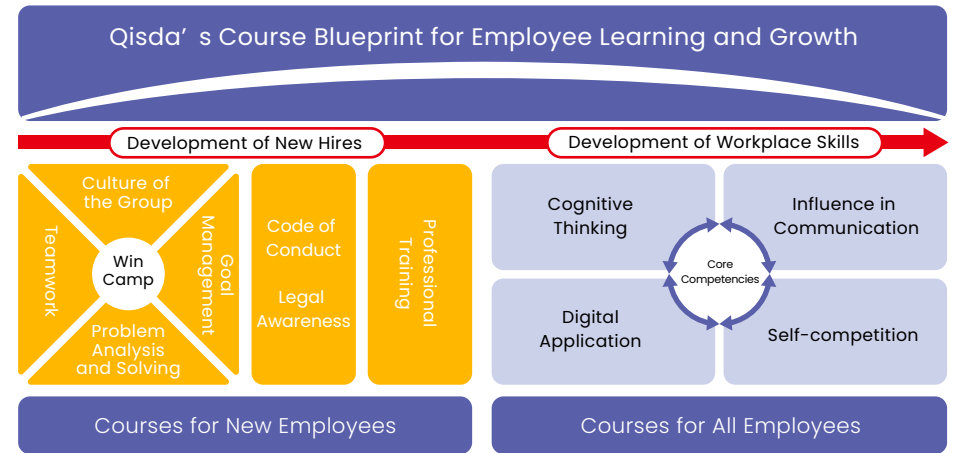
Development methods:

- Blended learning with physical and online management courses
- Job rotation; as of 2022, the job rotation rate of managers reached 95%.

In 2022, Qisda placed importance on the entry-level and middle managers' capability of employee performance management and development and leadership and management with regard to young employees. Hence, we arranged the courses on "employee performance problem handling and communication skills " and "cross-generation leadership and management " aimed at all the entry-level and middle managers. A total of 172 managers were trained, with the average course satisfaction score reaching 4.74 points.

3. Potential talent development plan

Since 2018, to facilitate the sustainable growth of the Company and meet the demands of the Company for the talents under the strategic development of the business, the Company has not only ensured the comprehensive training and development of employees, but also formed the talent echelon to respond to the challenges regarding succession or appointment within the organization in the face of external uncertainties for lower risks of talent shortage and succession problems. The Company has started to set up a potential talent development project in which a potential talent database is established based on the potential talents identified by the top manager of each unit, so that a managerial vacancy, if any, can be filled in a timely manner. An Individual Development Plan will be devised for each of the talents every 6 months in consideration of their individual knowledge and requirements.

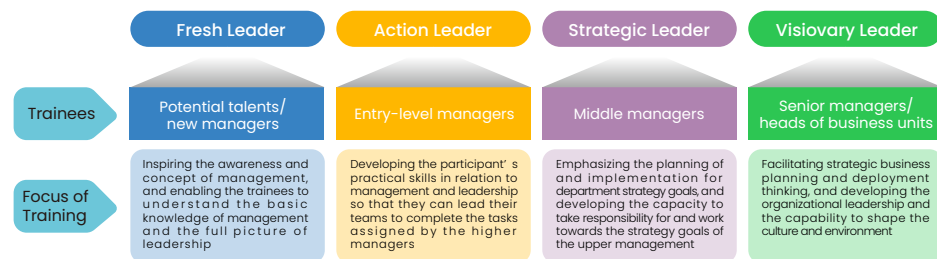| Fresh Leader	Action Leader	Strategic Leader	Visiovary Leader
Trainees → Potential talents/ new managers	Entry-level managers	Middle managers	Senior managers/ heads of business units
Focus of Training → Inspiring the awareness and concept of management, and enabling the trainees to understand the basic knowledge of management and the full picture of leadership	Developing the participant's practical skills in relation to management and leadership so that they can lead their teams to complete the tasks assigned by the higher managers	Emphasizing the planning of and implementation for department strategy goals, and developing the capacity to take responsibility for and work towards the strategy goals of the upper management	Facilitating strategic business planning and deployment thinking, and developing the organizational leadership and the capability to shape the culture and environment

Implementation methods:

1. Establishment of the core management function system

2. Setup of potential talent database in 2022: Based on the list of potential talents in each unit confirmed by the top-level manager thereof, with the talents' current development status of core competencies evaluated, and their strengths and weaknesses of competencies and future development directions analyzed

3. Assessment of a talent for his/her positioning based on his/her previous performance, the result of the evaluation, the future potential, and the personal willingness of development

4. The Individual Development Plan (IDP) formulated together with the person concerned and his/her manager in consideration of the functional requirements of 3P (Proactive, Personal and Professional) for the positions at different levels and with reference to the aforementioned points 2 and 3

5. Implementation of the IDP for talents with the 3E (Learning/Exchange & Assistance/Training) model and job rotation

4. Development of talents for marketing data analysis

To reinforce the ability of data analysis, a special development plan targeting "talents for marketing data analysis " was formulated in 2022. A four-stage development plan was thereby prepared for the potential talents for data analysis selected from different positions within the Company; it required each identified talent to take 116 hours of training in total, participate in a 6-month project assistance program, and so on. Thirty-one talents for marketing data analysis were trained, with their training hours totaling 3,596. As encouragement, a training completion ceremony was further held to award qualification certificates to those who had completed the training.

Implementation result in 2022:

1. An overall increase by around NT$2.8 billion for the Group's organizational performance (tangible + intangible) due to the courses of professional competence (based on the total tangible and intangible costs saved in 2022 with Mr. Kevin's CIP)

2. Overall manager engagement: more than 4.56 points (out of 6 points); average engagement of employees: 4.59 (out of 6 points); percentage of global employees with high engagement: 80%

3. Global IDL manager retention rate in 2022: 96.6%; global IDL retention rate: 89.2%

4. 31 talents for marketing data analysis trained in 2022

Notes:

1. Formula for IDL manager retention rate: 1 - IDL manager turnover rate; IDL manager turnover rate = Number of IDL managers who resigned / total number of IDL managers

2. IDL retention rate: Formula for retention rate: 1 - IDL turnover rate; IDL turnover rate = Number of IDL employees who resigned / total number of IDL employees

› Six Sigma: CIP (Continuous Improvement Program)

- Qisda unites and leads all the business units under the CIP (Continuous Improvement Program) to create a sustainable value. There were more than 5,684 CIP projects implemented in the world until now to bring an economical benefit of about NT$11 billion.

- Qisda received the "2021 Taiwan Sustainability Action Award – Best Action Plan Award " from Taiwan Institute for Sustainable Energy.

Qisda has implemented the Six Sigma and developed the Continuous Improvement Program (CIP) from the beginning of 2007. CIP (Continuous Improvement Program) is a program that helps escalate the Group's competitiveness in the industry. With the approaches and application of training and communication of Six Sigma, guidance and presentation of improved projects, and continuous reviews and improvements, all our employees are enabled to acquire the ability of logical thinking and problem solving. The Company can even engage in smoother internal communication and external customer communication accordingly, thereby producing the culture of continuous improvement.

Continuous Improvement Program

CIP Vision
Building the culture of continuous improvement

CIP Mission
To enable employees with the knowledge, skills and attitude to facilitate quality, design and process improvement through voice of customer, time to market and financial impact.

CIP Structure
The continuous improvements of CIP are based on the spirit of PDCA throughout the Group. In addition to the R&D department, the CIP projects are applicable more extensively to the manufacture, administration and supporting units. The employees can make use of the most suitable tools, such as DMAIC/DFX/Lean/QCC/Quick Win, to improve their work, reduce waste and enhance value, which represents considerable financial benefits for every year.
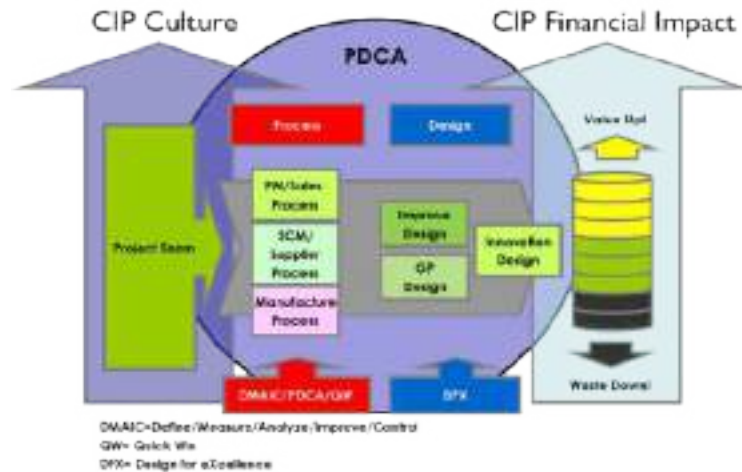
Implementation Process of CIP Projects
Each year, all the employees of Qisda take part in the CIP activities, including training, project execution, guidance, presentation on competitions, and continuous promotion. Since 2007, more than 390 sessions of courses have been run, with more than 10,000 participants in total.

The participation rate exceeded 70% each year. These have become part of the essential activities of Qisda and formed an important corporate culture. There were 569 CIP projects in 2022 and the total number of the CIP projects implemented globally reached up to more than 5,684 with a cumulative benefit of nearly NT$11 billion. The result of the improvement is remarkable.

CIP Sustainable Development

Regarding the implementation of CIP, Qisda not only improves the Group internally, but combines the core competences with the SDGs of the United Nations and assists the suppliers with the implementation in every step. This is a pioneering work rarely seen in the industry. The CIP is helpful to improve the yield rate and efficiency of the supplier and reduce the generation of the waste. It also enables an increase in the revenue of the supply chain and Qisda to create a win-win situation in the economy and environmental protection. The support of the Company for the suppliers has had a good performance. In 2022, there were 24 CIP projects implemented for the suppliers in Suzhou to create a benefit of about NT$20 million. Up to now, a total of 138 suppliers participated in 345 projects to create a total benefit of NT$470 million. With this performance, Qisda received the "2021 Taiwan Sustainability Action Award – Best Action Plan Award " from Taiwan Institute for Sustainable Energy.

Concept of CIP

WASTE DOWN   VALUE UP

Protection of Human Rights

❯ Qisda Human Rights Policy

Holding "human-oriented" values, Qisda believes that a good work environment can provide support for the employees to grow without concern. A well-established training system with a complete design of activities is helpful to consolidate the strength of the employees and enables happy employees to play a leading role in the creation of the shared value among the Company, employees and society. We support and comply with the internationally recognized human rights regulations and principles, including the UN Universal Declaration of Human Rights, UN Global Compact, UN Guiding Principles on Business and Human Rights, and ILO Declaration on Fundamental Principles and Rights at Work. Meanwhile, we shape the human rights policy in accordance with the laws and regulations of the places our companies are located in, and ensure human rights based on the human rights principles of "protect, respect and remedy."

Qisda's human rights policy is applicable to Qisda Corporation and its investees, including the employees, customers, suppliers, partners and joint ventures, At the same time, we request our suppliers, partners and joint ventures to stick to other standards equivalent to our policy for human rights protection.

In terms of the material issues related to human rights, the Company has formulated the following implementation approaches:

- Provide a safe and healthy work environment
- Ensure equal employment opportunities
- Prohibit discrimination in any forms
- Offer fair and reasonable wage and work conditions
- Respect the freedom of assembly and association among the employees
- Forbid hiring child labor and forced labor
- Adhere to the values of ethics against corruption and prohibit bribery
- Provide stakeholders with communication channels
- Conduct human rights risk assessment and take relevant measures to reduce the impact

Qisda CSR mailbox: csr@Qisda.com

The Company has established the "Child and Youth Labor Management Regulations." The HR unit takes the sole responsibility for the recruitment and appointment of labor. It shall validate the identity of the candidate during the recruitment by checking his/her ID certification documents and commission an external institution to check the identity in case of suspension. Validation of the identity is also required for the oral examination to avoid fraudulent use of the identity certification documents. As for minor cooperative education students, the Company abides by the aforementioned procedure to ensure they will not be assigned to the work that might be harmful to their safety and health.

The Company provides a simple employment channel. All employees have entered into an employment agreement to confirm their employment intention and eliminate the sources of forced labor. Since the implementation of the social accountability management systems (SA8000) in 2006, the Company's operations have all been aligned with the requirements of human rights treaties; no child or forced labor has been hired.

There are around 109 foreign migrant workers at the headquarters of Qisda. The relevant fees and handling charge for them to come to Taiwan and work for the Company are all covered by us; these employees need not pay any relevant fees. The work arrangement and management in relation to the foreign employees are all in line with the local laws and regulations, which enables them to be devoted to the work in Qisda without worries.

As for the issue of fair treatment, the Company adheres to the Responsible Business Alliance Code of Conduct (RBA Code) and is committed to being free of impact on the recruitment, wage and welfare, promotion, reward and access to training, dismissal, or retirement as a result of ethnic group, nation, race (including indigenous peoples), caste, color, age, gender, sexual orientation, gender identity and expression, national or territorial origin, disability, pregnancy, religion, political affiliation, union membership, family responsibility, veteran status, genetic information or marital status and other factors specified in the law. The Company treats all the employees equally and ensures no deficiencies exist in the implementation of the aforementioned procedure by performing the internal and external audits under the social accountability management systems (SA8000). There were no discrimination cases within the Company in 2022.

Since the issues of labor and human rights are critical to the customers, the Company provides education and training on the Responsible Business Alliance Code of Conduct (RBA Code) and social accountability management systems (SA8000) every year. In 2022, 100% of the employees participated in the human rights training. The education and training on the RBA Code and human rights are also arranged for the contractors, such as security guards and cleaning service providers, who are doing their duties in the Company or the plants. The training rate of the security guards reached up to 100%. For new employees, we communicate the Company's stance of zero tolerance towards harassment by giving them courses on sexual harassment prevention on their first day in the Company. In addition, Qisda declares the protection of the employees' rights and the availability of multiple communication channels. We have established the "Communication Management Procedure" for the internal complaints of the employees. For any sexual harassment or improper treatment, the employee concerned may report such to the HR unit directly in accordance with the "Whistleblowing and Complaint Handling Regulations." The Company will keep the identity of the whistleblower confidential. The external stakeholder who has any doubt about this issue may file the complaint through the CSR mailbox on the official website of the Company; the ESG responsible unit will give a reply. In 2022, we did not receive any complaints or grumbles about the issues of labor or human rights. The RBA VAP and social accountability management systems (SA8000) verification is conducted at our global manufacturing sites every year to constantly improve the human rights issues and avoid occurrence of labor-related incidents that may affect the production or reputation of the Company.

Human Rights Risk Assessment

Principles of Human Rights Risk Management

Attaching weight to human rights, Qisda not only protects the human rights of the employees in the internal management system and work environment, but also makes the employees aware of the rights they and the relevant stakeholders have through active communication, education and training. Qisda has implemented the Responsible Business Alliance Code of Conduct (RBA Code; formerly EICC) since 2007. We provide education and training to enhance the awareness of the RBA on a regular basis and incorporate the ethical management system in the CSR and ESH management systems. In addition, the Company has established the Integrity Handbook in accordance with relevant international ethical management regulations and communicated it to the employees at our plants all over the world. Recently, the plants in Suzhou, Taiwan and Vietnam have been subject to a third-party audit in

response to the request of the customers. Corrective measures have been taken for the nonconformities identified during the audit to ensure the compliance with the RBA Code.

In 2022, Qisda built a human rights management system that covers the human rights policy and the process of human rights due diligence. With the thorough management process: plan, do, check and act, the material human rights issues concerning the stakeholders (employees, suppliers, customers, nearby communities, etc.) of Qisda and the joint ventures are identified, and a complaint mechanism is available to the stakeholders. At the same time, the risks of human rights issues are detected through the due diligence, with corresponding mitigation or remedial measures proposed to enhance the human rights of the stakeholders.

Human Rights Issues Concerning the Stakeholders

Stakeholder	Human Rights Issue	Due Diligence
Employees – All employees – Female employees – Foreign employees – Teenage employees Disclosure based on the issues	• Freedom to choose an occupation • Non-discrimination • Sexual harassment • Working hours • Wage and welfare • Data privacy and security • Emergency preparedness • Safety at work • Occupational injuries and diseases • Public sanitation, food, and housing • Teenage employees • Freedom of assembly	• System of regular internal and external audits External audits include : (1) RBA VAP (2) SA 8000
Suppliers/contractors	• Freedom to choose an occupation • Working hours • Wage and welfare • Data privacy and security • Emergency preparedness • Safety at work • Teenage employees • Responsible mineral procurement	• Inspection and audit of the suppliers' social responsibility, environment, safety and health • Patrol inspection for construction safety • EMRT survey
Complaint Mechanism		

– Qisda CSR mailbox: csr@Qisda.com

Process of Human Rights Management

Action
Build a human rights management system and formulate the human rights policy. Identify the potential human rights risks that have considerable impact on the stakeholders through the process of human rights due diligence, and make improvements accordingly.

Plan
Implement human rights management in the daily operations, and avoid any violation of human rights through the systems and mechanism, education and training, complaint channels, etc., as well as the compliance with laws, regulations and corporate systems and bylaws.

Check
Combine the external audits such as SA8000 and RBA VAP certification with our internal audit mechanism to detect the risks and deficiencies related to human rights in the process of management.

Do
Develop improvement targets in a proactive manner based on the detected risks and deficiencies related to human rights, and take corresponding mitigation or remedial measures to protect the rights of the stakeholders.

Process of Human Rights Due Diligence

1. Establish (amend) the human rights policy
2. Identify the stakeholders and the potential human rights issues
3. Identify the material human rights issues
4. Devise improvement plans
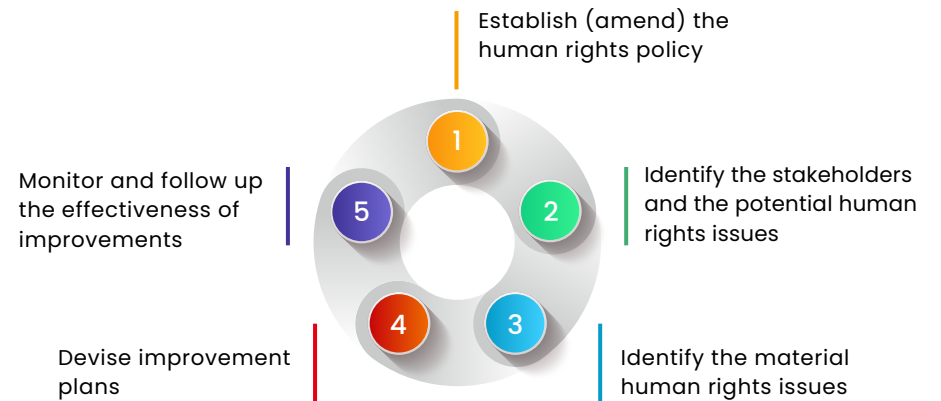5. Monitor and follow up the effectiveness of improvements

Process of Human Rights Due Diligence

By analyzing the reports of the RBA VAP audit and SA8000 audit completed between 2020 and 2022, Qisda identified the impact and frequency of potential human rights issues, and further pointed out the material issues regarding human rights risks in 2022, such as working hours, emergency preparedness, safety at work, etc.

Based on the identification results of human rights risks in 2022, all the plants of Qisda have developed risk mitigation and remedial measures right away and followed up the implementation status regularly. These included the optimization of production capacity, planning of reasonable schedule, introduction of automated equipment, etc. to reduce the urgent need for manpower, along with the working hour management system, which reminded the managers of the working hours of employees to stay on top of the overtime hours they worked. (For the identification results of human rights risks in 2022, please refer to the appendix.)

Qisda plans to conduct the complete management cycle of human rights due diligence once a year from 2023, in order to raise the awareness of human rights of the employees, suppliers, customers and related communities of the Group, enhance such parties' rights, and ensure that the material human rights risks can be reduced.

Human Rights Risks and Material Issues

Qisda Human Rights Risk Matrix

Frequency \ Impact	Low	Moderate	High
High			Working hours
Moderate	Occupational injuries and diseases	Emergency preparedness Safety at work	
Low	Public sanitation, food, and housing Teenage employees Freedom of assembly	Freedom to choose an occupation Non-discrimination Sexual harassment Wage and welfare Data privacy and security	

Impact

Human Rights Management Measures

Material Human Rights Risks and Mitigation and Remedial Measures

Risk Assessment Method	Mitigation Measures	Remedial Measures
	Material Human Rights Issues **Working hours**	Impacted Party **Employees**
External SA8000 audit	**Communication and training:** Qisda has developed the human rights policy and declared the focuses of full support to human rights protection. Each year, the education and training on RBA Code and SA8000 are provided so that all the employees understand their rights. **System:** Qisda has established a working hour management system with which a warning value is set to remind the managers of the working hours.	**System adjustment:** 1. The production capacity has been optimized based on reasonable arrangement of tasks. 2. Automated equipment has been introduced. **Remedy:** A working hour management system has been established. **Punishment:** The system sends early warning notifications to the managers to remind them to timely adjust the workload of personnel **Example:** In 2022, our Suzhou Plant conducted capacity planning (leaving some time for abnormalities, adopting shift work) and personnel planning (arranging backup manpower in advance, planning bonuses for special periods, introducing automated equipment), and set up the working hour system, in order to cope with the overtime working resulting from the requirements of customer orders.
	Material Human Rights Issues **Emergency preparedness**	Impacted Party **Employees**
External SA8000 audit	**Communication and training:** Each year, the Company implements relevant emergency response training on a regular basis as per regulations. **Communication:** We provide education and training on RBA Code and social accountability standards (SA8000) for all employees every year. The courses include the knowledge related to "emergency preparedness." Each employee is required to pass the post-course exam. **Training:** An emergency response and reporting mechanism has been built, and education, training and simulation exercises are arranged for the employees to get familiar with the response process.	**System adjustment:** When an employee fails to pass the post-course exam after taking the education and training courses on RBA Code and social accountability standards (SA8000), he/she shall take the courses and exam again until passing the exam. When an emergency occurs (except for natural disasters), the Company records the case, including the concerned parties, matter, time, location and object at the time of occurrence, as per the Accident Management Procedures. The unsafe behaviors and environmental causes are also investigated to take the effective improvement measures and actions and avoid the recurrence of abnormal incidents. **Remedy:** For the employees who are injured, they will be given shift adjustments, be transferred to another work environment and be entitled to leave as remedies. **Punishment:** The managers will be retrained.

Risk Assessment Method	Mitigation Measures	Remedial Measures
	Material Human Rights Issues **Safety at work**	Impacted Party **Employees**
External SA8000 audit Hazard identification and risk assessment	**Communication and training:** We provide education and training on RBA Code and social accountability standards (SA8000) for all employees every year. The courses include the knowledge related to "safety at work." Each employee is required to pass the post-course exam. **Training:** Our safety at work is ensured based on the methods of awareness raising, assessment and control, including: 1. occupational safety and health education and training, 2. safety protection related to production equipment, 3. chemicals management, 4. work environment monitoring, 5. self-inspection of operations, 6. change management, and 7. safety management of contracted construction. Through these methods, we protect the safety and health of our employees. **System:** Systematic OSH management system	**System adjustment:** When an employee fails to pass the post-course exam after taking the education and training courses on RBA Code and social accountability standards (SA8000), he/she shall take the courses and exam again until passing the exam. When an occupational injury occurs, the Company records the case, including the concerned parties, matter, time, location and object at the time of occurrence, as per the Accident Management Procedures. The unsafe behaviors and environmental causes are investigated to take effective improvement measures and actions. In order to avoid the recurrence of abnormal incidents, horizontal investigation into the protective devices and preventive measures of the machines of the same model or similar type is carried out as well. **Remedy:** The injured employees will be given compensation better than that required by law. **Punishment:** The managers will be retrained.

Internal Communication Channels

To maintain a great labor–management relations between the Company and the employees, smooth communication channels, such as business meetings, Welfare Committee meetings as well as labor–management meetings, have been set up internally for the employees to receive messages from the Company in a timely manner. The employees are also encouraged to provide suggestions regarding the overall business and development of the Company so that the decision makers can have some references. Well established communication channels are not only favorable to the improvement of the labor–management relations, but also helpful for the Company to understand the needs of the employees and provide a more complete work environment. In addition to the provision of smooth internal communication channels for employees, we also encourage employee engagement in communication. As we consider communication to be one of the keys to the continuous improvement of the internal environment, the workers will not be retaliated against due to the whistleblowing.

From the employees in Suzhou Plant, China, and the business headquarters in Taoyuan, Taiwan, Qisda elects 16 (occupying 0.27% of the total employees at Suzhou Plant) and 12 (occupying 0.72% of the total employees at the headquarters) representatives according to the labor laws and the social accountability management standards to fully represent the employees of their respective business units and hold Welfare Committee meetings as well as labor–management meetings on a regular basis. They communicate with the management representatives of the Company on the matters related to the social accountability management standards at the meetings. At the quarterly labor–management meeting, the representatives of the employees can raise proposals of labor–management relations, labor conditions, labor welfare and other issues. They communicate with the representatives of the management and jointly resolve on the matters of labor rights. The Company will assess the feasibility and incorporate them in the subsequent improvement actions.

Communication Channels for the Employees

Communication Channel	Frequency	Main Topics of Communication
2885 Internal Communication Platform	At any time	Reporting on daily life matters in the plants, and support to the improvement of meals and cleanliness and maintenance of malfunctioning equipment, so that the Company can take response and preventive measures right away and reduce the risk of serious failure
Labor–management meeting	Quarterly	Issues related to labor and human rights, such as wage, welfare, and so on
President mailbox	At any time	All issues related to the business operation and sustainable development of the Company
HR mailbox	At any time	Issues related to personal safety, such as discrimination, workplace violence, sexual harassment, mental health, industrial safety, and human rights.
CSR mailbox csr@Qisda.com	At any time	Complaints of human rights issues, and issues related to corporate sustainable development and ESG
Integrity mailbox Integrity@Qisda.com	At any time	Reporting of non-compliance with the principles of integrity, conflict of interests and avoidance, fair trade, bribery and illegal payments, etc.
In-plant employee complaint mailbox	At any time	Improper treatment, punishment, verbal abuse, etc. by a manager to a subordinate, or by an employee to another

Employees' Participation Rate in Labor Unions

No. of employees with membership in labor unions / total No. of employees (%)

2019	2020	2021	2022
1.68	3.69	7.54	10.15

The employees' participation rate in labor unions have increased year by year, with the employees at the Vietnam Plant having the highest rate (around 80% on average).

Health and Safety at Work

With the insistence on a happy and healthy workplace, Qisda has gradually upgraded itself from ESG to ESG+H. Sustainable health management reflects the commitment to employee care. Only when the employees are healthy can the corporate competitiveness be enhanced; thus, we have arranged diverse health promotion activities for our employees, enabling all of them to experience a work environment of high quality and a corporate culture that ensures health and happiness.

Employee Health Management

Qisda places importance on the health management of the employees and believes that maintaining the health and vitality of the employees is helpful to keep up the best competitive strength of the Company. For this, the Company has established a wellness center in Taiwan and Suzhou, China, respectively, to promote the health of the employees. The participation rate of the medical checkup over the years is about 95% on average. The rate in 2022 remained to be 95%, realizing the Grade 1 management (health screening) in the public health domain to diagnose the illness earlier, receive medical treatment earlier, and reduce the risk to health.

I. Health Risk Assessment

In terms of the health risks of the employees, we use the assessment tool, Framingham Cardiac Risk Score, to annually assess the risk of suffering from the ischemic heart disease within 10 years based on six indicators: age, cholesterol, HDL cholesterol, blood pressure, diabetes and smoking. Those with the high risk (>20%) of such disease are required to

⧫ **According to the health risk assessment, the groups of different risk levels in 2022 are distributed as follows:**

Health Risk Level	Low (<10%)	Moderate (10–20%)	High (>20%)
Distribution (%)	92.1	7	0.9
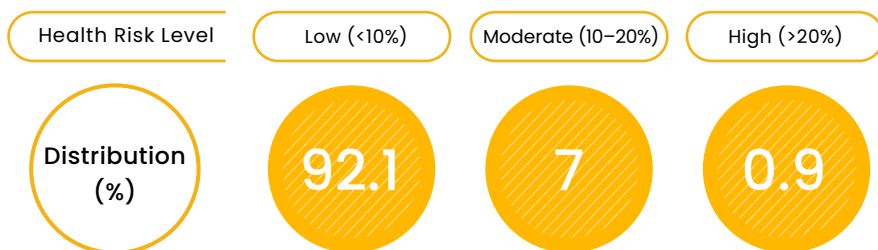
seek medical advice for complete follow-up, while those with the moderate risk (10–20%) are required to take 100% of the online health education and training.

II. Health Promotion

To pay close attention to the employees' stress at work, Qisda has implemented the Heartwarming Employee Assistance Program since 2012 to arrange mental health lectures according to the needs of the employees every year. In addition, we share soul-touching articles with the employees for them to develop self-awareness and understand how to seek support and help when facing problems. In 2022, the mental health services was further upgraded, with the Employee Assistance Program satisfying the employees' needs even more. A psychological counselor was introduced to the Company to provide on-site services for the first time, enabling the employees to make an anonymous appointment for counseling at any time. Moreover, we devised training courses for managers to improve their skills of communication and care, so that they could identify stressed subordinates effectively and provide them with timely care. The completion rate of the training was 100%, which shows that the Employee Assistance Program has been promoted in a more active manner and implemented in the work environment.

In the last 3 years, Qisda has devoted around NT$2.4 million to offer up to 20 health promotion son activity and 350–420 participants in each activity held in both online and offline forms. The employees have benefited a lot from the courses on how to get rid of chronic fatigue syndrome, little body aches that can't be ignored, cerebro-cardiovascular disease prevention, to name but a few.

III. Health Management

(I) Six facets in health management:

Health management based on the health management platform (Health Bar)

1. The events of the Wellness Center in Taiwan
The Wellness Center organized health promotion events in six facets depending on the problems and needs of the employees with respect to their health: Wellness Clinic, workplace breast milk program, illness tracking and care, emergency injury treatment, health management and follow-up, and healthy and happy life.

Qisda's health management model

Health management model diagram — Wellness Center

- Employee health checkup
- Anti-cancer/healthy and happy life
  - Health lecture and event
- Wellness Clinic
  - On-site health service
  - Special health management
- Health management and follow-up
  - Health consultation
- Promotion of breast milk at workplace
  - Private breastfeeding environment
  - Related hardware facilities
- New employee health checkup
- Emergency injury treatment
  - First-aid training on general disease and accident
- Disease prevention and care
  - Information on epidemic/infectious disease
  - Global outbreak reporting system
- Manager health checkup

Wellness Clinic (healthcare at the workplace)

The clinic is established under the health insurance for the convenience of the employees to receive medical services and health consultations, in the hope to achieve the goals of zero-distance to a clinic and provision of services for the employees whenever needed.

(1) On-site health service: Occupational safety survey is conducted for the prevention of occupational accidents and the reduction of their occurrence rate.

(2) Special health management: The employees engaging in the tasks with special health hazards, including those involving ionizing radiation, organic solvent and noise, are subject to special tracking and management. The Company takes the measures better than what the special labor inspection regulations of the government require by providing the personnel engaging in highlight tests with regular precise eye examination and special protection measures (goggles).

(3) Up to now, no cases of occupational disease have occurred as a result of the work at Qisda, and no employees have been engaged in any work that is exposed to high risk or special incidence rate of disease.

Parenting and maternity protection

- **Promotion of breast milk:** Qisda has promoted breast milk at the workplace since 2007. To assure the mothers of working and breastfeeding at the workplace, Qisda attentively provides more convenient and privacy-protective breastfeeding environment and hardware facilities (e.g. refrigerator, sterilizer, milk collection bag, breast pump, and electric heater) at the Wellness Center for the mothers to meet their needs.

- **Maternity health:** Maternity health protection has been performed since 2017. In combination with the care management, required maternity health protection measures are taken for the female employees who have become pregnant or given birth within one year or those who are feeding a baby. Twenty-four employees were protected in 2022 based on their health status and the connection with their tasks. Also, the employees whose health is at high risk are reassessed, and required preventive and health promoting measures are taken whenever necessary.

- **Childcare allowance:** Considerate of the employees who face a lot of parenting work and take on the childcare burden, the Company has granted childcare allowance for those with 0–6-year-old children (NT$30,000/child per year) since 2023 to ensure that the employees can work without worries and a family-friendly work environment can be built.

Disease prevention and care

The Company provides employees with information on the domestic and overseas epidemic and infectious disease. We communicate the correct health and epidemic prevention concepts to the employees based on the international outbreak and the information of the Taiwan Centers for Disease Control. A global outbreak reporting system has been set up to understand the inventory of the resources and the health status of the employees in each subsidiary in a timely manner. In the meantime, the Company provides newsletters related to the epidemic prevention and health on an irregular basis to remind the employees of their importance. In 2022, during the period when COVID-19 became severe, we required all the employees to report their rapid test results 8 times (at the time when the business resumed or at the end of holidays), so that the employees can work with a sense of security and lower anxiety. Meanwhile, for the employees who tested positive, the Company showed care and support to weather the storm with them.

Emergency injury treatment

The Company provides training on the first aid for general diseases (e.g. spasm and nose bleeding) and accidents (e.g. cut or incised wound, drowning and shock), for example, education and training for new employees, first aid license course, and emergency treatment course. An AED was set up in the public area on the first floor in 2013 and a second AED was provided in the public area on the first floor of the Twin-Star Plant in 2016. Seed trainers have been trained for the operation of the AED equipment. This is a training program extending from 2016. Four sessions of retraining were held for the first aid personnel in 2020 and 63 participants finished the retraining successfully. Another training targeting more than 200 participants is planned to be provided in 2023.

Health management and follow-up

- Based on the medical checkup data of the employees, the abnormality items indicated in the medical checkup report are identified in the electronic health management system, and an employee concerned is reminded through the group he/she joins. The employee will be arranged to have a consulting meeting with the on-site physician, who will help the employee understand his/her health and provide subsequent medical consultation services. The DSHA (Disease Specific Health Assessment) is used for a quantitative assessment of the

- health status and potential disease and/or the risk of death of an individual or a group of employees.

- In addition, the Company uses the Framingham Risk Score model in the ATPIII to assess the risk and opportunity of suffering from the ischemic heart disease within ten years and find out the employees of high risk to give telephone interviews and health education. Health education and follow-up measures have been applied to 70% of the sub-health group members among these employees without prejudice to their privacy.

Healthy and happy life

To ensure that the employees can participate in mental/physical health related lectures and events during off-work hours even in the period of pandemic, we have held such activities in the form of live streaming and recorded them for everyone to watch online and enjoy remotely. During the pandemic, we have also mapped out the routes for special preventive vaccination and annual medical checkup, etc., and further held such activities to ensure the effectiveness of the prevention, early identification, and early treatment of diseases.

Qisda's breastfeeding room

Here are 8 tips for preventing COVID-19

Disease prevention and care

Dissemination of a health risk issue

Healthy and happy life

2. The events of the Wellness Center in Suzhou, China

A Wellness Clinic is set up in Suzhou, China to treat commonly seen diseases. Two breastfeeding rooms are available for mothers to use at the workplace. Medical checkups are arranged before, after and during the work for prevention of occupational diseases. Follow-up actions are taken and a name list with respect to the occupational diseases is maintained for this purpose. In addition, the Company provides lectures on healthy and happy life such as the health of the female employees and the healthy life after the retirement.

Qisda also promotes personal health management within the Company. The employees can understand their personal health status at any time through Qisda's health management system and implement the management in their personal health behavior by combining the internal real-time health information and events of the Company.

⊓ **Homepage of Qisda's health management system**

⊓ **Interface of Qisda's health database**

In response to the government's encouragement of hiring persons with disability, we have hired professional blind masseurs to provide massage services in a "Massage Station." Through the services, the employees are able to relieve their stress and tiredness from daily life and work, which helps escalate the Company's competitiveness. Furthermore, with importance placed on hazards of work and exercising, we provide physiotherapy services. The employees may conduct assessment with the professional physiotherapist face to face during the work hours to reduce the symptoms like body soreness and limb numbness after working. Health education is also offered for the employees to know the correct postures and avoid the recurrence of symptoms.

(II) Stress management and exercise

Work stress has become an emerging issue when it comes to the protection of workers. Undoubtedly, unhealthy physical and mental health of employees will lead to considerable operating costs for a company. According to the assessment by the on-site physician and full-time medical staff, the causes of stress to our employees include work stress, interpersonal relationships and physical/mental illness. In 2019, Qisda carried out a stress assessment

Stress-relieving activities for employees	— With medical staff: Face-to-face guidance and consultation for 122 persons, and telephone consultations for 48 persons
	— Interactive and stress-reducing DIY lessons, etc. organized for the employees to be better aware of the symptoms of stress they have and the solutions thereto, so that the impact of stress sources can be transformed and mitigated
	— 1 session of workshop for managers to identify emotion-related issues
	— Online and physical interactive lectures: "Smooth Communication with Your Partner – Read between the Lines" arranged and attended by 380 participants in 2022
	— At least 3 soul-touching short articles shared via email per quarter
	— AP upgrading: (1). Online appointment for counseling (2). On-site psychological counselor services provided twice per month (since August 2022; used by 51 persons so far)
Promotion of exercise	— Encouragement given to the employees to join sports clubs; participants: around 300 employees
	— Free core training and activities of yoga/basketball/volleyball/ badminton clubs, etc., every week; participants: around 6000 employees/year

targeting all the employees, of which 22 were identified as needed to be followed. Those who needed to be followed have been given individual guidance, and a diversity of stress-relieving activities have been arranged for all the employees.

(III) Outdoor events such as road running, hiking and cycling; participants: 600 employees/year.

Occupational Health and Safety

Occupational Health and Safety Management System

Qisda has formed the Corporate Sustainable Development Committee (ESG committee) and the Occupational Safety and Health Committee to take actions on workplace safety and health. From top-level to entry-level positions, every employee is responsible for completing jobs safely. Qisda also meets all safety and health requirements through green operational activities. Qisda has obtained Occupational Health and Safety Management Systems (ISO 45001:2018) certificates for all operation locations since 2019, conducted hazard identification and risk assessment annually and continued to go through verification processes. Meanwhile,

Meanwhile, Qisda keeps optimizing the occupational health and safety management system to facilitate the improvement of safety performance in an unceasing manner.

(I) OSH Policies and Goals

To implement and promote the concepts of CSR, energy management, ESH management and excellent corporate safety management, Qisda not only enhances the information life of human beings through products and services, but also devotes itself to environmental protection, ensures the rights of workers, maintains a healthy and safe work environment, and guarantees the environmental quality of life. The employees are required to know their roles and responsibilities, and the suppliers, service providers, contractors, subcontractors, logistics providers, companies of the Group and partners in the supply chain are requested to keep in line with Qisda's CSR and ESH policies to jointly fulfill the commitment to social responsibility, energy management and ESH management. When a merger, acquisition or business collaboration is needed for the Company to meet the market demands and the requirement of organizational development, we objectively conduct due diligence as well.

1. Ensure ethical management by sticking to the ethics.
2. Comply with regulations and customer requirements and adhere to social accountability standards.
3. Strive for pollution prevention, waste reduction, energy efficiency improvement and reduction of GHG emissions.
4. Provide healthy and safe work environment, protect labor rights, and reduce OSH risks.
5. Put attention to the consultation and participation of the workers, and continuously improve the performance of ESH management.
6. Enhance the eco-design of products and lessen the impact of product life cycle.
7. Stimulate the companies of the Group to jointly develop sustainable operation.

(II) Occupational Safety Management Measures

Qisda ensures the employees' personal safety and protects the work environment by taking the following actions:

1. Strict compliance with laws of the countries in which Qisda operates its factories

Qisda complies with laws of the countries in which our factories located, and conducts the following with the specified frequency: 1) occupational safety and health education and training, 2) self-inspection of production equipment and operations, 3) monitoring of the environment of operational areas, 4) physical examinations for employees, 5) inspections of fire protection and firefighting systems, and 6) simulation exercises.

quarter, such units gather the management representatives, relevant responsible units and labor representatives for an Occupational Health and Safety Committee meeting, which is held to discuss the progress towards the targets of programs, internal and external concerns and communication topics, ESH management plans and the implementation thereof, occupational disease prevention and health promotion matters, and ESH management performance evaluation, etc. In addition, the OSH management effectiveness is audited through the annual ISO 45001 external verification.

2. Chemicals management

The chemicals used in the process of production have consistently been the focus of our OSH management. Qisda's plants in Taiwan and Suzhou have progressively replaced high-risk organic solvents with low-risk neutral chemicals. With the measures of source management, operational process control and safety protection, we ensure the safety and health of the employees and in the plants, and weaken the negative impact on the environment. In 2022, none of Qisda's plants in operation sites around the globe had any accidents of chemicals, oil and fuel spill.

3. Safety management regarding equipment automation

In response to the trend of plant automation and safety management, Qisda has set up three levels of safety protection mechanism according to ISO 10218 and TS 15066: effective segmentation, decelerated robots, and contact stop features. First, we make use of the workspace and effectively demarcate working areas for workers and robots: the manipulators on the inside, the workers on the outside. This way, workers and robots can collaborate with each other's movements. Second, we use grating sensors to slow down the robots the moment workers enter the alert area. Finally, if the workers make contact with the manipulators, the robots will automatically stop at the first moment. These significantly increase the safety of human-robot collaboration. Furthermore, Qisda has received third-party notarization verification from the Precision Machinery Research Development Center (PMC) and obtained certification of safety in human–robot collaboration. Qisda has officially met the ISO 10218/TS 15066 standards and received international safety certification, becoming the first manufacturer in Taiwan to receive a safe human–robot collaboration certification and setting a new benchmark for smart factories.

4. Change management

Qisda has established safety assessment and safety inspection processes for changes in all new construction, reconstruction and expansion projects, and in all procurement of production equipment, lab equipment and plant equipment for public use. The approval process is monitored via the purchase requisition system, which means the risks of ESH and energy management are identified from the sources, and the safety assessments of construction and equipment are carried out with safety protection measures imposed accordingly, or the low-risk chemicals are selected based on assessment in place of high-risk ones as a source control measure to ensure the safety and health of the employees and in the plants.

Statistics on Change Management Cases in 2022 (Cases)	Change Control Application Form 91	Safety Inspection and Acceptance Checklist 37

5. Occupational safety and health education and training

In order to ensure that the employees have a clear safety and health concept and heighten their awareness of occupational hazards, Qisda regularly arranges general safety and health courses, professional knowledge and skill training and emergency response training that the employees are expected to be familiar with based on their positions. These include the in-service training of general employees, general knowledge of chemical hazards, simulation exercises, forklift operation training, manager training for hazardous operations, in-service

Statistics on Annual Training		No. of Participants	Total Training Hours
Taiwan	Employees	1,771	1,779
	Contractors	32	32
Suzhou	Employees	11,247	22,494
	Contractors	313	313
Vietnam	Employees	1,789	2,837
	Contractors	577	577

Type of Simulation Exercise	No. of Sessions	No. of Trainees
Fire	20	4,333
Physical Damage	19	247
Electric Shock	8	88
Collapse of Materials	8	18
Chemical Spill/Damage	12	454
Total	67	5,140

🗍 **Emergency response education and training**

Category	Frequency of Inspection	No. of Inspections	Defect Improvement Rate
Monthly ESH Patrol Inspection	Monthly		
Environmental Safety Patrol Inspection	Irregular		
Joint Patrol Inspection in Plants	Annually	79	100%
ISO 45001 Management System Internal Audit	Annually		

6. Safety management of contracted construction

In terms of the construction by contractors, we have created standard operating procedures and inspection record forms applicable to the contractors' application for entrance, hazard notification to personnel, application for construction, application for dangerous operation, and inspections before, during and after operation. The procedures include the regular consultative organization meeting for the dissemination of the common defects of and matters to be followed by contractors, inclusion of contractors into the identification and assessment items of risks, discussion upon the operational risks and control methods before the construction, etc. Through multiple levels of control as well as mutual communication and cooperation, we lower the construction hazard risks within the plants. When an accident takes place in a contracted case, the accident investigation and analysis will be made and the corrective and preventive measures will be adopted in accordance with Qisda's "Accident Management Instructions."

(III) Promotion of Safety Climate Assessments and Activities

The Suzhou (China) Plant continues to perform safety climate assessments. Through drafting and planning safety and health activities, Qisda connects the assessments with green operational performances and implements safety measures for employees from top-level to entry-level. This system incorporates continuous improvements of energy saving and safety and health performances, reinforcement of safety and health patrol inspections, implementation of work safety analysis, enhancement of the participation rate in safety and health educational training, promotion of near miss incident reports, encouragement to safety and health proposals, etc. Through the above measures, we fulfill every requirement for safety and health, further improving the performance of safety and health management and reaching the goal of work safety. With the realization of promotional activities, Qisda continued to keep the score above 90 in 2022.
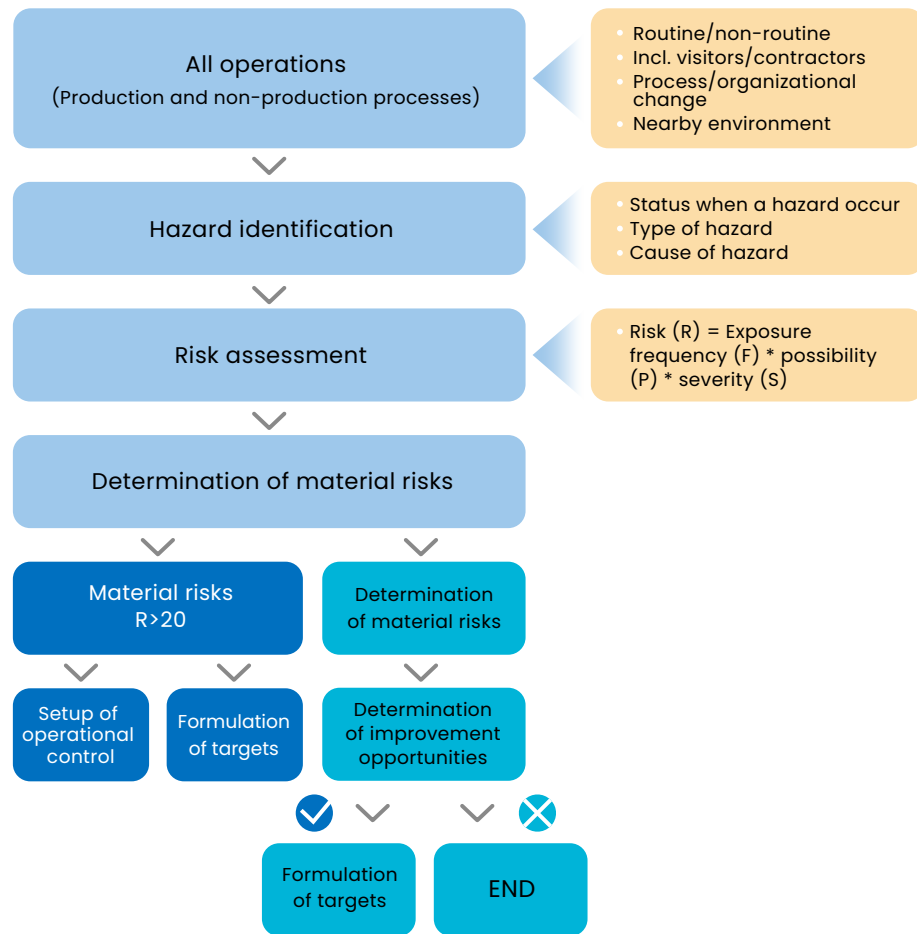
(IV) Risk and Hazard Management

For the purpose of effective occupational accident prevention, the Company has established the procedures of hazard and risk identification. All the routine or non-routine activities of the employees, visitors, permanent suppliers and contractors that might do harm to the personnel or lead to accidents are subject to the comprehensive operational hazard identification, and the risk level of each hazard is determined based on the exposure frequency, possibility and severity of the hazardous incident. Improvement management targets and occupation control are set for the material safety and health risks identified, with a view to eliminating the unsafe behaviors and environment. In 2022, 19 material safety and health hazard risks were identified. With the risk of fire, damage due to the equipment maintenance and damage due to the use of chemicals as the three main categories, four active OSH management indicators were defined and all met in 2022.

2022 OSH Management Indicator	Target Value	Status of Achievement
No. of Cases of Fire	0	0
Incidence Rate of Occupational Injuries		
Occupational Injury Frequency Rate per Million Hours Worked (F.R)	$\leqq 0.326$	0.111
Number of Days Lost Due to Occupational Injuries per Million Hours Worked (S.R)	$\leqq 8.64$	1.475
No. of Occupational Disease Cases	0	0

Process flow chart of safety and health hazard risk assessment

```
All operations
(Production and non-production processes)
    → • Routine/non-routine
      • Incl. visitors/contractors
      • Process/organizational change
      • Nearby environment
    ↓
Hazard identification
    → • Status when a hazard occur
      • Type of hazard
      • Cause of hazard
    ↓
Risk assessment
    → • Risk (R) = Exposure frequency (F) * possibility (P) * severity (S)
    ↓
Determination of material risks
    ↓                           ↓
Material risks              Determination
R>20                        of material risks
    ↓                           ↓
Setup of    Formulation    Determination
operational of targets      of improvement
control                     opportunities
              ✓      ↓        ↓      ✗
         Formulation              END
         of targets
```

$$R = F * P * S$$

(V) Internal Audit

Seven non-compliances were found during the ISO 45001 management system internal audit in 2022; they were all related to the operational control. To reduce the hazard risks, improvements have been made in the aspects of systems and constructions, employee education and training have been provided, and checks as well as patrol inspections have been enhanced.

Internal education and training in OSH management

(VI) Causes of Occupational Accidents and Improvement Measures

For 2022, Qisda included the cases of occupational injuries requiring leave for more than a day in the calculation of injury rate and lost day rate. There were four cases of injuries in the year, which were all due to physical hazards; there were no occupational injuries resulting from chemical, biological and ergonomic hazards, and no deaths were recorded. When an occupational injury occurs, the Company records the case, including the concerned parties, matter, time, location and object at the time of occurrence, as per the "Accident Management Procedures." The unsafe behaviors and environmental causes are also investigated to take the right improvement measures and actions. In order to avoid the recurrence of abnormal incidents, horizontal investigation into the protective devices and preventive measures of the machines of the same model or similar type is carried out as well.

In 2022, we recorded an average disabling injury frequency rate (FR) of 0.111 and a disabling injury severity rate (SR) around 1.475 in our global manufacturing sites; no occupational deaths and diseases occurred in the workplace. In Taiwan, the total work hours without occupational disaster in 2022 were around 2.93 million hours. At the end of 2022, the cumulative total work hours without occupational disaster reached 28.27 million. There were no work-related injuries or deaths of contractors working on-site.

Statistics on Employee Occupational Accidents

	2019		2020		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female
Total Working Hours								
	32,335,394	8,740,497	31,759,521	8,683,766	32,466,025	9,243,573	27,753,840	8,176,522
Total	41,075,891		40,443,288		41,709,599		35,930,362	
No. of Occupational Accidents								
	4	0	4	0	5	1	4	0
Total	4		4		6		4	
Disabling Injury Frequency Rate (FR)								
	0.124	0.000	0.126	0.000	0.154	0.108	0.144	0.000
Total	0.097		0.099		0.144		0.111	
Disabling Injury Severity Rate (SR)								
	4.546	0.000	2.267	0.000	4.928	0.108	1.910	0.000
Total	3.579		1.780		3.860		1.475	
No. of Serious Occupational Injuries								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	
Percentage of Serious Occupational Injuries								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	
No. of Occupational Deaths								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	
No. of Occupational Disease Cases								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	
No. of Work Stoppages								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	

Note 1: The occupational accidents refer to the cases in which a worker suffered from any injuries or diseases that led to death, permanent total disability, permanent partial disability or temporary total disability during his/her performance of duties, with more than a day lost accordingly (including the traffic accident during the commute).

Note 2: Disabling injury frequency rate (FR) = No. of occupational accidents × 1,000,000 / total person-work hours.

Note 3: Disabling injury severity rate (SR) = Total workdays lost due to occupational accidents × 1,000,000 / total person-work hours (the number of days lost were calculated based on the calendar days, excluding the day of injury and the day of return to work).

Note 4: The serious occupational injuries refer to the injuries that made a worker unable to get back to the health conditions before getting injured within six months (excluding death).

Note 5: Percentage of serious occupational injuries = No. of cases of significant occupational injuries × 1,000,000 / total person-work hours.

Note 6: The occupational diseases refer to the physical diseases caused by the long-term exposure to chemical, physical, biological, ergonomic or psychosocial hazard factors during the performance of duties, and recognized as occupational diseases according to the diagnosis by professional occupational physicians or the identification of competent authority.

Statistics on Non-employee Worker Occupational Accidents

	2019		2020		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female
Total Working Hours								
	12,537,490	5,373,210	12,950,292	5,550,125	15,261,877	6,540,805	27,753,840	5,522,684
Total	17,910,701		18,500,417		21,802,682		18,408,948	
No. of Occupational Accidents								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	
Disabling Injury Frequency Rate (FR)								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	
Disabling Injury Severity Rate (SR)								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	
No. of Serious Occupational Injuries								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	
Percentage of Serious Occupational Injuries								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	
No. of Occupational Deaths								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	
No. of Occupational Disease Cases								
	0	0	0	0	0	0	0	0
Total	0		0		0		0	

Hazard Type	Cause	Percentage	Improvement Measure
Physical hazard	Being drawn into machine/ smashing Crushing	100%	1. Amendment to the procedures and SOP related to machine adjustment 2. Increase in protective devices to the machinery 3. Education, training and information dissemination for the personnel 4. Horizontal investigation into and improvement to the machines of the same model

- **Physical hazard factors:** Abnormal temperature, abnormal barometric pressure, noises, hand-arm vibrations and radiation.

- **Chemical hazard factors:** Dust, organic solvents, strong acids/bases, toxic gases and heavy metals.

- **Biological hazard factors:** Microorganisms (bacteria, virus, mold, etc.), parasites (roundworm, pinworm, hookworm, liver fluke, etc.), insects (louse, flea, mosquito, bee, etc.), animals and plants and their products (e.g. fur, secretion or excrement of animals, and pollen).

- **Ergonomic hazard factors:** Problems resulting from the inappropriate arrangement of interface between the human and equipment, such as spinal injuries due to long-term weight-bearing activities, and carpal tunnel syndrome caused by highly repetitive wrist motions.

- **Psychosocial hazard factors:** Cerebrovascular and heart diseases due to the work (overwork), and mental illnesses recognized to be caused by work-related psychological stress.

Finally, with the statistics on occupational accidents and other items as the basis, we hereby present the employee absence rate and coverage rate in the recent 4 years. Owing to the pandemic, the figures in 2022Y are slightly high. The absence rate and coverage rate have both increased a bit.

Statistics on Absence Rate

Absence rate	2019	2020	2021	2022	2022 Target
Employee %	0.3	0.3	0.3	1	0.3
Coverage rate %	16	15	15	42	

- **Employee absence rate (%):** Total No. of days / total expected working days for the year

- **Coverage rate (%):** No. of absent employees / total No. of employees

Social care and influence

⟩ Public Welfare Blueprint

To realize Qisda's vision of "Bringing Enjoyment 'N Quality to Life" and extend it to local communities, we, based on the core values of "care and contribution," gather the employees to show love with the Company's core competitiveness incorporated, and take part in different local care programs and employee voluntary activities to make a contribution to the society through specific actions. Qisda's employees in the world participated in charitable

events for a total of 1,142 hours in 2022. In terms of the public welfare blueprint, the cores and resources of Qisda and the BenQ Foundation are incorporated into the overall strategies. Meanwhile, with the international trend of net zero and carbon reduction, environmental sustainability initiatives are included in our core element – environment – to facilitate the sustainability capacity development of the partners in the supply chain, and to create substantial changes through sharing, so that a net zero supply chain can be jointly established.

Philanthropic Influence

Direction & Core Element	Corresponding SDG	Driving Force	Counterparty	Project	Influence
Digital Reduction of the Digital Gap	SDG 3 GOOD HEALTH AND WELL-BEING, SDG 4 QUALITY EDUCATION, SDG 5 GENDER EQUALITY, SDG 11 SUSTAINABLE CITIES AND COMMUNITIES	– Promotion and improvement of information and communication intelligence – Elimination of digital gaps between cities and communities – Improvement of applications of digital skills – Connection with end and medical technologies	– Communities (learning for all, including indigenous people, new immigrants and women) – Government units – Experts and scholars – Social groups	– "Digital Opportunity Center Project" of the Ministry of Education – BenQ Academy – Intelligent Hearing Aid	– Promoting the educational development of information and communication in remote areas – Building hearing care networks to guide people with needs to face the right of health choice – Empowering women in digital capabilities and developing microeconomies
Education Cultivation of Honest and Smart Employees	SDG 4 QUALITY EDUCATION	– Digitalization of equipment on teaching sites to help teachers and students develop in-depth digital learning – Insufficient funds and a lack of choices in lectures	– Elementary, junior high and senior high schools – Government units (education bureaus and sections) – Experts and scholars – Social groups	– BenQ Honest and Smart Experience Workshop – BenQ Dream Action Campus Lecture	– Developing positive influence on moral character – Promoting interaction and communication with respect to new digital technologies among students from different generations – Stimulating teenage students in diverse learning
Art Improvement of the Value in the Original Culture	SDG 4 QUALITY EDUCATION	– Creation of domestic and international communication platforms of art – Increase of diversity in art and culture	– Artists – Teenage students – Experts and scholars – Social groups	– BenQ International Sculpture Workshop	– Increasing exhibitions of art and culture in public spaces – Improving the accessibility of art spaces for people
Environment Goodwill Ambassadors Environmental Sustainability Initiatives	SDG 2 ZERO HUNGER, SDG 11 SUSTAINABLE CITIES AND COMMUNITIES, SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, SDG 15 LIFE ON LAND, SDG 17 PARTNERSHIPS FOR THE GOALS	– Labor shortage as a result of aging workers in rural areas – Maintenance and protection of water resources in farmlands – Green cycle for friendly food – Sustainable implementation of net zero and carbon reduction	– Companies of the Group – Employees – Suppliers – Government units – Experts and scholars – Social groups	– **Farming like a farmer:** (I) "DOC Volunteers' Short Trip" – **Farming like a farmer:** (II) "Friendly Farming" for rice contract farming – Workshop for ESG Sustainability Action	– Promoting land-friendly communications among cities and communities – Ensuring the production of friendly farmed food – Ensuring that the employment of workers in rural areas complies with the market – Training the partners in the supply chain in sustainability

Business Benefits	Social/Environmental Efficiency

Digital — Reduction of the Digital Gap

- 3 types of the Group's Resource and Community Collaboration Programs were conducted.
- 14 sessions of Intelligent Hearing Aid were held by New Best Hearing International.
- 5 sessions of Online Pharmacists were held by BenQ Healthcare Corporation.
- 5 sessions of Easy Art with Big Tablets were held by BenQ Corp.
- 7 employees served as lecturers.
- There were 27 medical volunteers.

- 763 hours of information courses were held to improve the information literacy of 1,864 people.
- 350 people were put under healthcare.
- NT$2,010,086 was additionally invested in the marketing of the smallholder economy.
- 230 volunteers of the Group and 70 community volunteers were engaged in beach cleaning and farm work.
- 20 units were connected for public welfare regarding hearing care.
- 20 sessions of hearing screening services were held with 558 participants.

Education — Cultivation of Honest and Smart Employees

- 1 exemplary BenQ Mobile Smart Classroom was established.
- There were 35 appearances on official websites of schools and social or self-media.

- 47 sessions of educational lectures for public welfare were held.
- 60 students and teachers from elementary schools, 30,247 from senior high schools, and 12 from universities and colleges participated in the lectures.

Business Benefits	Social/Environmental Efficiency

Art — Improvement of the Value in the Original Culture

- The quality of employees' lives was improved.
- The cultural diversity in workplaces was increased.

- Exhibitions of original artwork in public spaces were supported.
- Art workers were encouraged to dedicate themselves in creation.

Environment — Goodwill Ambassadors / Environmental Sustainability Initiatives

- 377 employees (and family members) were gathered for volunteer services.
- 26 outstanding suppliers were publicly praised at the meeting for the carbon reduction initiative held with the companies and suppliers of the Group.
- 3 sessions of a Sustainability Workshop were held with 500 trainees.

- 6 sessions of educational activities on humanistic environment were held, 3 of which were actions for environmental advocacy and beach cleaning while the other 3 were for farm work.
- 13 local cultural groups and units collaborated with us and involved 144 community volunteers to participate in beach cleaning and farm work.
- Long-term contracts with farmers in "Nanpu Community" of Beipu, Hsinchu, and "Shangshuimi" farmers in Xizhou, Changhwa were signed, covering 10 hectares of rice fields every year and affecting 13 agricultural partners (5 administrative personnel and 8 farmers).
- Donations were made to 37 welfare organizations with senior welfare locations as the priority.
- The meeting for the "Joint Carbon Reduction for Common Good" initiative was held. Three experts and scholars were invited to provide lectures and hold workshops, affecting around 400 online and in-person participants (including employees and suppliers of the Group).

Activity type	2020		2021		2022	
	Invested amount (NT$)	Proportion (%)	Invested amount (NT$)	Proportion (%)	Invested amount (NT$)	Proportion (%)
Charitable activities	0	0%	525,584-	2%	0	0%
Community investment	14,403,361	67%	12,621,037	47%	7,323,410	44%
Business activities	7,124,646	33%	13,848,914	51%	9,166,062	56%
Total	21,528,007	100%	25,955,535	100%	16,489,472	100%

Form of investment	2020		2021		2022	
	Invested amount (NT$)	Proportion (%)	Invested amount (NT$)	Proportion (%)	Invested amount (NT$)	Proportion (%)
Cash donation	18,446,836	86%	17,270,555	64%	13,211,539	80%
Item donation	842,421	4%	6,303,209	23%	1,008,483	6%
Voluntary manpower	2,952(hours)	–	1,956(hours)	–	2,250(hours)	–
Management cost	2,238,750	10%	3,421,771	13%	2,269,450	14%

BenQ Foundation

The Board of Directors of the Qisda Corporation (the former BenQ Corp.) adopted a donation for the establishment of the BenQ Foundation on August 22, 2002; that is, the BenQ Foundation was established as a donation of the Qisda Corporation. The BenQ Qisda Group is dedicated to the happy life of human beings, while the BenQ Foundation is committed to demonstrating the beauty of Taiwan and communicating the touching genuineness, kindness ,and beauty of the island.

The Foundation takes mankind and land as the origins with the "Environmental Protection" and "Social Care" as the vertical and horizontal axes which intersect with four core elements of "Reduction of the Digital Gap," "Cultivation of Honest and Smart Employees," "Improvement of the Value in the Original Culture," and "Implementation of Environmental Protection." Combining these with the core competencies of the companies, the Foundation spares no effort in focusing on the UN Sustainable Development Goals. It dedicates itself to the four major goals: environmental sustainability, digital opportunities, kindness education, and cultural value in the aspects of issues including "no poverty (SDG 1)," "zero hunger (SDG 2)," "good health and well-being (SDG 3)," "quality education (SDG 4)," "gender equality (SDG 5)," "decent work and economic growth (SDG 8)," "sustainable cities and communities (SDG 11)," "responsible consumption and pro-duction (SDG 12)," "life below water (SDG 14)" and "partnerships for the goals (SDG 17)." Moreover, it proposes corresponding actions for each point, follows evidence to review the connection point between the project indicators and sustainability, and further discusses environmental protection (E), social responsibilities (S) and corporate governance (G) comprehensively when engaging the stakeholders in the hope of focusing on and combining the creation of sustainable cultures of the Group and civil groups. The Foundation finally inputs positive stimulants in the societies externally and enhances the corporate culture internally to train outstanding talents and cultivate kind social citizens.

Focus of the presentation of ESG performance in 2022.

E – Environmental Protection

The Foundation continued to support friendly farming and accumulate areas of rice fields under contract farming (totaling 105.5 hectares from 2008 to 2022). It also encouraged the purchase of local agricultural products, which brought NT$6 million to remote areas for the green economy for food. In August, it conducted the "Plan for Beaches in Southern Miaoli" by leading the volunteers of the Group to clean the beaches in Yuanli, Tongxiao, and Houlong. Through the connection of the three points, the Foundation focused on the issue of marine waste in the aspect of the environment and learned the attitude and method for co-existing with the ocean from the perspectives of local groups. It collected 406 kilograms of marine waste with local groups and uploaded the statistics of the weight by category as the accumulated monitoring statistics for the long term.

S – Social Responsibility

Referencing to the SDGs, the BenQ Foundation played the role of bridging the communication between the Group and cities or communities. It also influenced technologies in remote areas by bringing in quality education with diverse information and cultures. With these, the Foundation not only affected people's methods and capabilities of digital application, but also deeply communicated and grew with cities and communities. Through brand empowerment, the Foundation assisted cities and communities in transforming the development of agricultural crafts to digital marketing. It even encouraged female workers to create their own business in small-scale online sales. Furthermore, it emphasized its support of food safety and promote responsible green economy for food starting from the source. As the model of long-term social companionship, the Foundation received the "Taiwan Sustainability Action Awards" from the TCSA for two consecutive years. Deeply involved in the "Digital Opportunity Center Project" of the Ministry of Education for 16 years, it **won the Golden Award of the "TSAA Taiwan Sustainability Action Awards" with "Creating Sustainable Communities: Shakeng Hongbao to Enrich the Community Industry" in 2022.** According to the compiled statistics of external social activities, a total of 150 sessions of information courses, healthcare lectures, volunteer events and campus lectures were held, with 33,256 people benefiting from the relevant digital and educational cultivation projects as well as volunteer services. Furthermore, 908 senior people aged above 65 had received the professional services including hearing care and online lectures from pharmacists.

G – Corporate Governance

With respect to internal communication, the BenQ Foundation held the "BenQ Qisda Group Sustainability Action Initiative" kickoff meeting with the Group's Sustainability Department for the first time. 400 suppliers were involved in the meeting either

Total performance of effective projects in 2022

Annual performance	**150** activities held	**33,256** participants	**908** participants	NT$**6** million and more
	Information courses, healthcare lectures, volunteer events, campus lectures, etc.	Several people benefited from the relevant digital and educational cultivation projects and volunteer services.	Number of senior people aged above 65 who received hearing care and online lectures and services from pharmacists	Support for friendly farmed food: friendly contract farming and understanding of products from small farms in remote areas.

Core element of public welfare

- Reduction of the digital gap
- Cultivation of honest and smart employees
- Improvement of the value in the original culture
- Environmental protection

Parties for assistance

- Community residents/smallholders and merchants
- Locations for senior care
- Elementary and senior high school, and college students
- Artists
- Schools in remote areas and education units
- Friendly farming/NGO groups

Problems observed

- Residents in remote areas are not familiar with digital intelligence and applications.
- Medical services have low penetration and accessibility in remote areas.
- Insufficient funds on teaching sites and a lack of choice in lectures.
- Crisis of water resource, labor and food shortage in rural areas.

Actions of social influence

- Providing residents in Hsinchu-Miaoli regions with counseling and courses to learn new information for the long term.
- Inputting the Company's medical resources, holding health education lectures, and providing channels for after-class consultation.
- Supporting topics outside the system for the youth to explore themselves.
- Focusing on marine and land issues, matching volunteer services and promoting communications among cities and communities.

online or in person, and a total of over 700 people participated in and supported the activity. The Foundation delivered ideas regarding governance strategies, environmental commitment as well as outcomes of and actions on sustainable economies to actively respond to the aspect of governance in the global trend of net zero. With the help of many departments, the dedicated session of the activity was even reported in 166 relevant news reports.

Collecting the result of efforts over the years, the BenQ Foundation will re-position itself and play the role of an ESG expansion platform to enhance the corporate and civil culture within the Group along with the cultivation of sustainability-affecting environment. It will keep on spreading the touching genuineness, kindness and beauty through projects with four core elements of "Reduction of the Digital Gap," "Cultivation of Honest and Smart Employees," "Improvement of the Value in the Original Culture," and "Implementation of Environmental Protection."

I. Environmental protection

Problems waiting to be solved

- Ensure food safety and promote sustainable agriculture.
- Promote green economies and ensure sustainable consumption and production modes.
- Make cities and rural areas inclusive, safe, resilient and sustainable.
- Protect and utilize marine ecosystems in a sustainable way to ensure biodiversity and prevent the marine environment from worsening.
- Establish diverse partnerships, promote the vision of sustainability together and enhance the coherence of sustainable development policies.

UN Sustainable Development Goals

Our roles

- The force that stably supports friendly farmers
- **Long-term contract farming:** Referring to the regulations and principles for "organic agriculture and friendly farming" of the Agriculture and Food Agency, Council of Agriculture, Executive Yuan, the Foundation implements contract farming to make sure that the land, environment and ecosystem are maintained and actually create effects on the local place for the expansion of friendly farmed areas.
- Advocate of local sustainable diets
  1. The Foundation encourages purchasing local friendly farmed agricultural products and inputs the Company's resources to jointly plan the adoption of rice fields by employees, purchase of agricultural products and farming experience activities, driving the employees of the Group to get close to green production locations and facilitating the cycle of sustainable agricultural economies.
  2. The Foundation ensures stable agricultural sales in remote areas through contract farming, exhibition and sales in bazaars, employees' purchase of agricultural products, volunteer travel and procurement of the Group's public relations products.
- Promoter of cultural communications among cities and communities
- Based on the principle of sustainable tourism, the Foundation makes discussions on schedule plans that meet the requirements of local economic benefits, cultural translation and environmental sustainability with the stakeholders such as community groups.
- The Foundation serves as the bridge for mismatching the Company and external communities to enhance the positive connection between both parties, and further promote the PDCA cycle for community tourism to improve the momentum.
- Becoming the partner of environmental working groups of marine areas in Miaoli
  1. The Foundation lists the issues that social groups and partners of the coast care about, and then introduces digital recording to assist in disseminating the urgent issue of marine protection.
  2. We collaborate with townships on the coast of Miaoli, including Yuanli, Tongxiao and Houlong, to help local partners clean the beach and upload the record of waste classification on the ICC for statistics, aiming to implement the participation in citizen science-based movements.
- The Group's platform for ESG dissemination – consolidating the direction of sustainability for the Group's civil partners
  1. The Foundation plans the annual ESG general education course to empower our partners in sustainable common languages for communication.
  2. We also comply with the Company's goals of net zero and carbon reduction by introducing courses regarding the ISO 14064 certification for companies of the Group and in the supply chain. This is to assist in cultivating sustainable talents for the Group as well as implementing legal compliance and the strategy of net zero/carbon reduction.

Our action

(**A list of project implementation highlights in 2022**)

- **Farming like a farmer:** (I) "DOC Volunteers' Short Trip" and (II) "Friendly Farming" for rice contract farming
  1. Long-term contracts with farmers in the "Nanpu Community" of Beipu, Hsinchu, and "Siong Sui Rice" farmers in Xizhou, Changhwa were signed, accounting for 10 hectares of rice fields every year and protecting the working conditions of 13 agricultural partners (5 administrative personnel and 8 farmers).
  2. Collaboration with 13 local cultural groups (Yuanli DOC, Chushui Community of Yuanli Township, Protect Yuanli Coast Association, Xindiaoju, Tongxiao DOC, Baishatun Beach Cleaning Group, Lohas Tongxiao Trip, Houlong DOC, Houlong Shuiwei Community Development Association, Tongluo DOC, Tongluo Bay Revitalization and Development Association, Nanpu Community Development Association, and Hsichou Shangshui Water Farmer Co., Ltd.) to design 6 sessions of a 6-type educational activity on low-carbon humanistic environments, including 3 sessions of beach cleaning in Yuanli, Tongxiao and Houlong and 3 sessions of farm works in Yuanli, Tongluo and Hsichou.
  3. The Foundation mismatched a total of 521 volunteers from the Group and communities for the activity. 377 family members of the Group's employees also provided services for a total of 2,262 hours.
- The meeting for the "Joint Carbon Reduction for Common Good" initiative
  1. The meeting for the "Joint Carbon Reduction for Common Good" initiative was held. Three experts and scholars were invited to provide lectures and hold workshops, affecting around 500 online and in-person participants (including employees and suppliers of the Group).

Collaboration with stakeholders

- Companies, suppliers and employees of the Group
- Experts and scholars
- Communities/non-governmental or nonprofit organizations

1. Farming like a farmer: (I) "DOC (Digital Opportunity Center) Volunteers' Short Trip"

From 2013 to 2022, the Foundation had dedicated itself to "DOC Volunteers' Short Trip" for 10 consecutive years. It introduced the concept of sustainable tourism and discussed schedule plans that meet the requirements of local economic benefits, cultural translation and environmental sustainability with the stakeholders, such as community groups, to work together and assist smallholders in developing the immersive experience and marketing models in connection with the local communities, volunteers and DOCs. Moreover, the Foundation gathered the employees and their family members to engage in harvesting work, show their passion for services, and experience what sweating and walking mean by combining the spirit of exploration with the voluntary labor service. In addition to the culture and landscape at different places, the participants experienced various forms of life and became more familiar with the rich culture and landscape at the digital opportunity centers in Hsinchu and Miaoli. From the participation in the activities at the place of the production to the dining table, the volunteers communicated their concerns about local industries and cultures and, as a result, aroused the interactive affections between them and local smallholders. The event attracted much attention among Qisda's volunteers. 5 sessions were held and a total of 343 environmental and community volunteers of the Group were connected.

	2017		2018		2019		2020		2021		2022		Total
Beach cleaning											125	59	184
Farm work	227	35	382	49	340	156	250	75	224	52	105	54	1849
Total	262		431		396		325		276		343		2033

♡ Corporate volunteer　👤 Community volunteer

▯ Environmental protection: "DOC Volunteers' Short Trip" – the meaning of sweating and walking

2. Farming like a farmer: (II) "Friendly Farming" for rice contract farming

The United Nations published 17 Sustainable Development Goals (SDGs) in 2016. For the SDG 12 "Promote green economies and ensure sustainable consumption and production patterns," the BenQ Foundation has advocated "environmental protection" and supported "friendly farming" for many years since 2008.

The Foundation has performed contract farming for 15 consecutive years (2008–2023). It adopts rice fields in Northern, Western, Southern and Eastern Taiwan. Based on the concepts of friendly farming, the Foundation has entered into agreements with local farmers that cover 100.5 hectares of rice fields in Taiwan.

In 2022, the "friendly contract farming" was extended to the "Nanpu Community" in Beipu, Hsinchu County, and the "Shangshuimi" rice fields in Xizhou of Changhua. The contract farming area in 2021 reaches up to 10 hectares. Thanks to the plentiful harvests in the spring and autumn, the Foundation shared the "Rice Gift Box" with the employees of the Group and arranged 18 locations to donate rice to vulnerable groups for public welfare. A total of 1,200 kilograms of rice were donated in two terms in order to encourage farming and eating safe, good rice. In addition, the harvesting activity was a means to lead the employees to the soil, help them learn agricultural knowledge, enhance the friendliness to the land by engaging in the labor work, and put the concepts of "environmental protection" into practice. In 2022, Qisda's employees and their family members participated in the harvesting work enthusiastically in the autumn in Xizhou. They rolled up their sleeves and bent down to cut the rice while experiencing the exhausting labor work of the farmers and coming closer to the land.

	2017	2018		2019		2020		2021		2022		Total
Area/hectare	50.5	10		10		10		10		10		100.5
Volunteer/number	N	109	40	145	25	200	23	102	30	147	31	852
Total		149		170		223		132		178		

Corporate volunteer   Community volunteer

□ Environmental protection: friendly contract farming "My Small Farmland" – the autumn harvest in Xizhou

3. Workshop for ESG Sustainability Action

In response to the Company's goals of net zero and carbon reduction, the BenQ Foundation set up short-term, midterm and long-term targets for the expansion platform, and the short-term target was completed in 2022. It held the "BenQ Qisda Group Sustainability Action Initiative" kickoff meeting with the Group's Sustainability Department for the first time. 400 suppliers were involved in the meeting either online or in person, and a total of over 700 people participated in and supported the activity.

The Foundation delivered ideas regarding governance strategies, environmental commitment as well as outcomes of and actions on sustainable economies to actively respond to the aspect of governance in the global trend of net zero. With the help of many departments, the dedicated session of the activity was even reported in 166 relevant news. Then, the Foundation planned a series of activation courses in 2023 to introduce courses regarding the ISO 14064-1 certification for companies of the Group and in the supply chain. Midterm and long-term ESG general education courses were also planned to empower our partners in sustainable common languages for communication. This was to assist in cultivating sustainable talents for the Group as well as implementing legal compliance and the strategy of net zero/carbon reduction.

Joint Carbon Reduction for Common Good
2022 BenQ Qisda Group Action for Sustainability Initiative

Ⓘ **Environmental protection: Workshop for ESG Sustainability Action**

II. Reduction of the digital gap

Problems waiting to be solved

- Ensure and promote healthy life and well-being for all at all ages.
- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- Realize gender equality and empower women.
- Promote inclusive and sustainable economic growth to provide everyone with an ideal job.
- Make cities and rural areas inclusive, safe, resilient ,and sustainable.
- Promote green economies and ensure sustainable consumption and production modes.
- Protect and utilize marine ecosystems in a sustainable way to ensure biodiversity and prevent the marine environment from worsening.
- Establish diverse partnerships and promote the vision of sustainability together.

UN Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING   4 QUALITY EDUCATION   5 GENDER EQUALITY   8 DECENT WORK AND ECONOMIC GROWTH   11 SUSTAINABLE CITIES AND COMMUNITIES   12 RESPONSIBLE CONSUMPTION AND PRODUCTION   14 LIFE BELOW WATER   17 PARTNERSHIPS FOR THE GOALS

Our roles

- Using the power of technology to affect the education on information and communication in remote areas and ensuring women's right of digital learning in the year

  1. In line with the government's policy of digital development, the Foundation utilizes the Group's professional capability of information, communication, and branding to provide all required people in the Hsinchu-Miaoli region, including new immigrants, indigenous people, and the elders, with multi-dimensional education of digital intelligence such as technological lives, healthcare applications, and design and marketing to eliminate digital gaps between cities and communities.

  2. We establish dedicated courses for women to ensure their learning rights and encourage female merchants to join us and be recommended as craftspersons to enhance their information and communication capabilities and increase income through Internet marketing.Information and communication accessibility in elementary schools: The Foundation invites educators, scholars and R&D teams to develop lesson plans with the Group's new carrier products while referring to the trend on the teaching site, aiming to train the ability of elementary school students to use hardware and software.

- Empowering users of end medical technologies in digital intelligence

  1. In cooperation with BenQ Healthcare Corporation and New Best Hearing International, we connect the Group's medical specialists with potential demanders in remote areas and communities, and plan "Online Pharmacists" for remote consultation on drug use as well as "BenQ Academy – Intelligent Hearing Aid" interactive courses of hearing care and screening to facilitate people in improving preventive healthcare literacy.

Promoting green economies and the sustainability cycle as a scout and recommender

  1. We place a priority on friendly farmers and professional cultural craftspersons when making recommendations to establish data on network platforms and footage.

Our roles

2. The Foundation connects cities and communities in terms of consumption and brings an average of more than NT$2 million to remote areas every year to facilitate DOC agricultural economies through contract farming, exhibition and sales in bazaars, employees' online purchase of agricultural products, volunteer travel and procurement of the Group's public relations products.

3. Based on the principle of sustainable tourism, the Foundation makes discussions on schedule plans that meet the requirements of local economic benefits, cultural translation and environmental sustainability with the stakeholders such as community groups. We combine this with the Group's volunteer services to realize the consumability of the schedule.

4. We encourage the partners of Hsinchu and Miaoli DOCs to set sustainability goals to recheck, view and make plans for resources and corresponding goals in three aspects of ESG: the development of local economies, cultural preservation and sustainable natural environments.

Our action

The "Digital Opportunity Center Project" of the Ministry of Education

- BenQ Academy – Intelligent Hearing Aid

1. The Foundation collaborated with the Ministry of Education, Hsinchu County Government and Miaoli County Government and provided 15 DOCs with long-term counseling services to promote local cultures with digital records.

2. 763 hours of information courses were held to improve the information literacy of 1,864 people.

3. 3 craftspersons were recommended and NT$2,010,086 were additionally invested in the marketing of the smallholder economy in the year.

4. 3 routes (Beipu, Xinpu and Qionglin) were planned for the annual exchange meeting "Tsin Ho Landscape in Hsinchu." Moreover, 200 program related persons in Taiwan were invited to have a learning tour through the special "Hsinchu-Miaoli Chromatics" route.

5. 3 types of the Group's Resource and Community Collaboration Programs were promoted.

   (1) New Best Hearing International (Intelligent Hearing Aid)
   - 12 sessions were held in Hsinchu and Miaoli while 20 sessions were held in Taoyuan, providing 818 senior people with hearing screening and consultation.
   (2) 5 sessions of Online Pharmacists were held by BenQ Healthcare Corporation.
   (3) 5 sessions of Easy Art with Big Tablets were held by BenQ Corp.
   (4) 7 employees served as lecturers (3 audiologists from New Best Hearing International; 2 pharmacists, 1 software displaying personnel and 1 specialist consultant from BenQ Healthcare Corporation) and 27 employees served as medical volunteers.

6. 3 types of the Group's Resource and Community Collaboration Programs were promoted.

Collaboration with stakeholders

- Employees of the Group
- Government units
- Experts and scholars
- Communities/non-governmental or nonprofit organizations

1. "Digital Opportunity Center (DOC) Project" of the Ministry of Education

The BenQ Foundation has participated in the "Digital Opportunity Center Project" of the Ministry of Education for many years and been dedicated to digital care in remote areas. Since 2008, the Foundation has assisted Hsinchu County and Miaoli County with the establishment of the digital opportunity centers and applied digital skills to the development of local features, including marketing of local agricultural products, documentation of the culture and history of the communities, and collection of cultural writings. The Foundation has helped the school children, young people, middle-aged and senior people, and new immigrants learn emerging technologies and improved their digital capabilities.

The outcome and influence of the BenQ Foundation in the implementation of the "Digital Opportunity Center Project in Hsinchu County and Miaoli County" organized by the Ministry of Education:

The Foundation made use of the teamwork force in collaboration with Qisda's volunteers to help the DOC perform unique tasks suitable to develop in local communities. Based on the cumulatively established groundwork, the Foundation combined local demands with multiple developments and assisted local communities with their development step by step. From the initial installation to the basic operation and provision of basic and advanced IT courses, the Foundation helped the DOC promote local cultures and features acquired considerable results accumulatively.

In 2022, the Foundation established 763 hours of information courses, including courses in which the Group input resources: "DOC Academy – Intelligent Hearing Aid," "Online Pharmacists" and "DOC Aesthetics Course – Easy Art with Big Tablets" in Hsinchu County and Miaoli County. 1,864 people were driven to participate in digital learning. As a pioneer in digital application, the BenQ Foundation thought about how to provide the participants with innovative and interesting digital experiences in the course. We gathered the Group's medical, information and communication specialists and continued to create new contents for the course to increase influence on health, well-being and quality education.

In terms of economic performance, we expanded our image-based influence and live streamed "Being Indoorsy with Craftspersons" to rebuild the DOC smallholders' and professional craftspersons' capability of going online and doing live streams in front of the camera. We live streamed at least one episode of the show every quarter. Furthermore, with more detailed scripts, plans and marketing strategies, we improved interactions

in the show, the click through rate, abundance of experience, and effectiveness of dissemination on social platforms to provide craftspersons with more precise digital value-added services. The "DOC Volunteers' Short Trip" was also held. By connecting local smallholders and the volunteers of the BenQ Qisda Group, we helped local smallholders create brands and experience marketing in order to show our attention to the culture of local industries. Not only that, but we also collaborated with the DOC Craftsperson's website to promote and expose 3 craftspersons from Hsinchu County and Miaoli County in accordance with the output needs related to the Feature Center. What's more, the BenQ Foundation had organized the "DOC Small Bazaar" for 8 consecutive years from 2015 to 2022. The employees of the Company cared for the environment and supported local agricultural products by participating in the bazaar. They learned about the brands of the smallholders and their attentiveness in pure farming and protection of the land. In addition, they supported agricultural products in a way of group buying to directly benefit the local economy and meet the real demands of the local farmers. In 2022, a total of NT$2,010,086 were added to the value of the smallholder economy in terms of marketing through the activity series.

Other than assisting DOC's value-added performance in educational and economic aspects, the Foundation also focused on training local partners in their soft skills. We embedded planning capabilities into the DNA of local partners and jointly organized the exchange seminar in Hsinchu for the Digital Opportunity Center under the Ministry of Education. With "Hsinchu-Miaoli Chromatics" as the core idea, 3 routes (Beipu, Xinpu and Qionglin) were comprehensively planned for "Tsin Ho Landscape in Hsinchu" in terms of location scouting, route planning and guide content. The Foundation welcomed nearly 200 DOC partners from all over Taiwan, and together, we visited and walked through century-old street houses, old shops and alleys in three classic Hakka villages, deeply experiencing the charm of local cultural landscapes. For the "Cultural Seminar," we invited the Amis artist Yosifu, cultural worker Ding-Yao Huang, and the well-known director Jing-Jie Lin to talk about how culture shapes local life appearance through art, experience, and images as well as the cross-sectoral practice of local cultures.

> "Tsin Ho Landscape in Hsinchu" : 200 DOC program related persons in Taiwan gathered together to communicate, showing the momentum of craftspersons that had been accumulated over the years.

2. BenQ Academy – Intelligent Hearing Aid

Leveraging the Group's influence in smart medical services, the BenQ Foundation collaborated with the company of the Group, New Best Hearing International, and planned the "BenQ Academy – Intelligent Hearing Aid." Lectures were held in partnership with village chiefs and partners in care locations. Moreover, tour lectures for communities involve three major units including speech by an audiologist, individual hearing tests and push of health education information. We introduced channels and resources for hearing care and daily smart healthcare as well as disseminating the delay of degeneration through proper concept of health education and the use of aids. Furthermore, we connected offline permanent stores and locations with online customer service systems to provide reliable relationships and channels with respect to professional consultation, establishing an effective hearing protection line.

Starting from 2020, priority has been given to the "DOC Academy – Intelligent Hearing Aid" project to spread health education services to the Digital Opportunity Centers in Hsinchu and Miaoli. In 2022, with the concept of a hearing-friendly city area, care

locations around Guishan District and Taoyuan District of Taoyuan City was included in the scope of our services. This led to the renaming of the project as the "BenQ Academy – Intelligent Hearing Aid." For the health education tour, we held a total of 7 sessions in Guishan (Lukuang, Xingfu, Chunghsing, Shanding, Jingzhong, Shanding, and Fengfu Vil.), 13 sessions in Taoyuan (Tong'an, Sanmin, Xinpu, Zhongde, Zhongtai, Zhongcheng, Zhongshan, and Zhongning Vil.; Pien Chou Association, Lung Kang Association, U-Land in Fenglin Vil., Hsiang Yang Association in Zhongcheng Vil., and True Jesus Church Taoyuan Branch in Zhongcheng Vil.), and 12 sessions in the Hsinchu-Miaoli region, totaling 32 sessions. We provided hearing screening consultations for 818 senior people to raise awareness of the importance of hearing care among the aging population, dedicating ourselves to meeting the physiological needs with respect to hearing.

◻ **BenQ Academy – Intelligent Hearing Aid: touring through communities to provide professional hearing screening services**

County/ city	2020		2021		2022		Total Sessions	Total Participants
	Number of Sessions	Number of Participants	Number of Sessions	Number of Participants	Number of Sessions	Number of Participants		
Miaoli	8	167	2	63	7	146	17	376
Taoyuan					20	558	20	558
Hsinchu	7	123	1	17	5	1147	13	254
Total	15	290	3	80	32	818	50	1188

III. Cultivation of honest and smart employees

Problems waiting to be solved
- Eliminate all forms of poverty everywhere.
- Ensure and promote healthy life and well-being for all at all ages.
- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

UN Sustainable Development Goals

[1 NO POVERTY] [4 QUALITY EDUCATION]

Our roles

- **Supporter and carer of vulnerable groups in the society**
  1. The Foundation collaborates with education bureaus and sections of county and city governments and then sends notifications to junior high and elementary schools to request lists of students from low-income families to reward vulnerable children with scholarships and encourage learning by distributing certificates.
  2. The Foundation provides financial aid to children from centers of the Taiwan Fund for Children and Families to get glasses in order to enjoy normal learning and life quality..

- **Getting close to the teaching site and providing diverse viewpoints**
  1. Information and communication accessibility in elementary schools: The Foundation invites educators, scholars and R&D teams to develop lesson plans with the Group's new carrier products while referring to the trend on the teaching site, aiming to train the ability of elementary school students to use hardware and software.
  2. Positive career empowerment for high school students: The Foundation invites teenage models from each field to serve as a lecturer and share their process of practices, showing persistence and resilience to encourage more high school teenagers to dream.

Our action

- BenQ Honest and Smart Experience Workshop
  1. The Foundation established 1 exemplary BenQ Mobile Smart Classroom.
  2. We collaborated with the Education Department of Miaoli County Government and held a workshop at National United University. The workshop had 2 batches, with the participation of a total of 60 students and teachers from elementary schools and 12 from universities and colleges.

- BenQ Dream Action Campus Lecture
  1. The Lecture was held in 17 counties and cities, including Taoyuan City, Hsinchu County and City, Miaoli County, Taichung City, Nantou County, Changhua County, Yunlin County, Chiayi County and City, Tainan City, Kaohsiung City, Pingtung County, Yilan County, Hualien County, Taitung County and New Taipei City.
  2. 45 sessions were held in the year while the charming stimulation in the accomplishment of the dreams were shared with 30,107 students and teachers from senior high schools.
  3. Dissemination in the campus: The workshop had 35 appearances on official websites of schools and social or self-media.

Collaboration with stakeholders

- Government units (education bureaus and sections)
- Experts and scholars
- Elementary, junior high and senior high schools

1. BenQ Honest and Smart Experience Workshop

Aiming to build smart technological communities, the Foundation invited schools from the Miaoli region to collaborate in the "BenQ Honest and Smart Experience Workshop." As a result, the educational momentum of Tong Guang Elementary School, National United University and Sanwan Elementary School was gathered together. With "creative thinking" as the core element, we planned to connect the students' tablets in the classroom with the large touchscreen as the starting point, and further initiated a journey of learning combined with technology and creativity. With such rich and solid contents, the workshop was even supported and co-organized by the Education Department of Miaoli County Government.

For the smart classroom, we emphasized interactive collaboration on networks and flipped the carriers on the teaching site, which was why the concept of technology application ran through the annual lesson plan for the "BenQ Honest and Smart Experience Workshop." We used an app as the language for communication in the workshop, connecting BenQ's 86' interactive touchscreen and the tablets of workshop teachers and students for interaction. With these, we guided 60 elementary school children

from Houlong, Sanwan, Zhunan and Toufen into creative thinking and learning to create a learning experience that differed from traditional paper-based teaching materials.

County/city	2020	2021	2022
Batch	6	Not held due to the pandemic.	2
Number of elementary schools	23		16
Participants	278		81

Values of ethics: The learning journey of school children in remote areas during the "Honest and Smart Experience Workshop."

2. BenQ Dream Action Campus Lecture

The BenQ Foundation invites representative youngsters to act as dream ambassadors. They visit the campus in remote mountains and seafronts to share their experience with the students at vocational and senior high schools about how they turned their dreams into actions. They deliver positive power and encourage teenagers to dream as far as they can and make their dreams come true.

For the "BenQ Dream Action – Campus Lecture" in 2022, the Foundation invited Hsin-Ling Shen, a devotee of public welfare who was selected as one of the ten outstanding young persons; Ming-Cheng Huang, who also known as Mr. Candle;

Hsing-Ho Chen, a former actor of the Cirque du Soleil; Yoyo Yang, a yo-yo master; Po-Han Huang, a magician of The Magic Castle in Hollywood; Jeff Lee, the magician and winner of the champion at The Grand Master Asia; and Chia-Ying Wu, an adversity coach, to tour through 17 counties and cities, including Taoyuan City, Hsinchu County and City, Miaoli County, Taichung City, Nantou County, Changhua County, Yunlin County, Chiayi County and City, Tainan City, Kaohsiung City, Pingtung County, Yilan County, Hualien County, Taitung County and New Taipei City. They were invited to share the charming stimulation in the accomplishment of the dreams with 30,107 students and teachers from 45 senior high schools, and encourage them to learn from models and dare to dream.

Ideal and practice: "BenQ Dream Action – Campus Lectures" – delivery of positive influence

					Sessions				
County/city	2015	2016	2017	2018	2019	2020	2021	2022	Total
Taichung City		9	13	22	13	11	4	6	78
Changhua County		5	13	12	9	8	7	3	57
Taoyuan City	9	10	8	9	1	3	1	3	44
Kaohsiung City				3	14	12	4	6	39
Tainan City				3	12	14	4	4	37
Nantou County	1	2	9	7	2	1		5	27
Miaoli County	4	5	4	7	2	1	2	2	27
Hsinchu County	6	4	5	5	2	1	1	1	25
Pingtung County				2	6	4	1	3	16
Yunlin County		1	1	8	1	2		1	14
Hsinchu City	4	5	1	3				1	14
Chiayi City		1		3	4	2	1	1	12
Chiayi County			3	1	3	2	1	2	12
Yilan County		1		3	1	1	3	2	11
Hualien County				3		4	1	2	10
Taitung County					1	3		2	6
New Taipei City					1	1		1	3
Keelung City							1		1
Total sessions	24	43	57	91	72	70	31	45	433
Number of participants	24,040	42,922	59,000	80,962	77,349	57,046	24,652	30,107	396,078

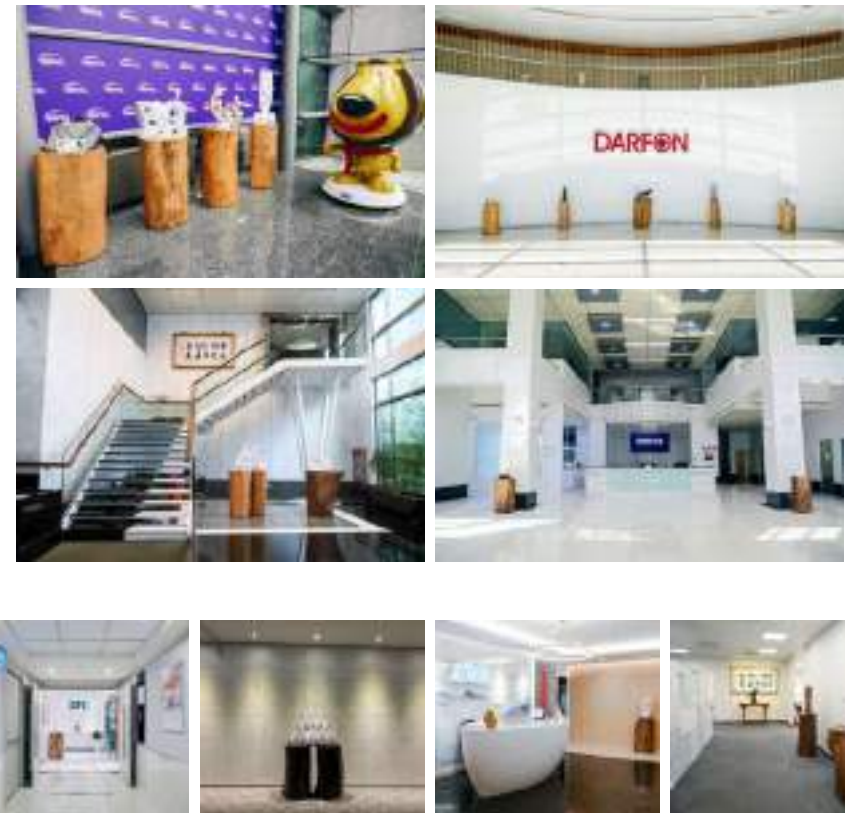# IV. Improvement of the value in the original culture

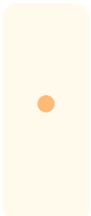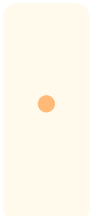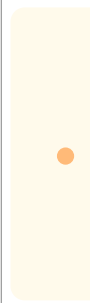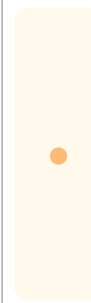|	
Problems waiting to be solved	▬ Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
UN Sustainable Development Goals	4 QUALITY EDUCATION
Our roles	▬ Promoter of art and culture 1. The Foundation builds an exchange platform for art. By calling for submissions, we encourage and support domestic and international artists in their creation as well as providing locations for site-specific creation. 2. We facilitate the employees and people in getting close to art and learning to appreciate it by methods such as public art donations and establishment of 10 permanent static sculpture and model exhibitions.
Our action	▬ (A list of project implementation highlights in 2022)
Collaboration with stakeholders	▬ Employees of the Group ▬ Government units ▬ Experts and scholars

1. BenQ International Sculpture Workshop

The purpose of the "BenQ International Sculpture Workshop" is to promote the domestic and international exchange of the art and culture of sculpturing. In the form of site-specific creation for one month, the Sculpture Workshop attracts young people, students, and the public who are interested in sculpture to experience sculptural works and exchange with the artists in person. The BenQ Foundation is dedicated to the development of modern sculptural art in Taiwan and creates a new and cross-sector horizon of diversity. The Foundation has organized six sessions of "BenQ International Sculpture Workshop" since 2010 and built up a good image and experience for Taiwan in the international art circle. It has retained 90 master sculpture pieces in Taiwan.

To promote the aesthetics of public art, the BenQ Foundation established permanent static model exhibitions in 10 public locations of the Group's companies, including BenQ Corp., BenQ Materials, Qisda Corporation, Darfon Electronics Corp., DFI Inc., ACE PILLAR, Data Image Corporation, AEWIN Technologies, Alpha Networks Inc. and Hitron Technologies Inc in 2022. This was helpful for the employees and people who visited the companies to get close to art, become more aware of the humanities and cultures, cultivate artistic and cultural spirit as well as experience the ritual aesthetics of the sculptures in daily life.

⬙ **Daily aesthetics: Increasing artistic atmosphere in public locations with the sculpture and model work exhibition of the "BenQ International Sculpture Workshop."**

Corresponding item	The Foundation's corresponding action	Environmental protection			Reduction of the digital gap		Cultivation of honest and smart employees			Improvement of the value in the original culture	
		Farming like a farmer: (I) "DOC Volunteers' Short Trip"	Farming like a farmer: (II) "Friendly Farming" for rice contract farming	Workshop for ESG Sustainability Action	The "Digital Opportunity Center Project" of the Ministry of Education	BenQ Academy– Intelligent Hearing Aid	BenQ Honest and Smart Experience Workshop	BenQ Dream Action Campus Lecture	Honest and Smart Scholarship	Vision Hope Project	BenQ International Sculpture Workshop
1 NO POVERTY	**Eliminate all forms of poverty everywhere.** - The Foundation collaborates with education bureaus and sections of county and city governments, and then sends notifications to junior high and elementary schools to request for lists of students from low-income families in order to reward vulnerable children with scholarships and encourage learning by distributing certificates. - The Foundation provides financial aid to children from centers of Taiwan Fund for Children and Families to get glasses in order to enjoy normal learning and life quality.								●	●	
2 ZERO HUNGER	**Ensure food safety, eliminate hunger and promote sustainable agriculture.** - Referring to the regulations and principles for "organic agriculture and friendly farming" of the Agriculture and Food Agency, Council of Agriculture, Executive Yuan, the Foundation implements contract farming to make sure that the land, environment and ecosystem are maintained. We maintain a total of 10 hectares of land under contact farming in a year to actually create effects on the local place for the expansion of friendly farmed areas. - The Foundation encourages purchasing local friendly farmed agricultural products and inputs the Company's resources to jointly plan the adoption of rice fields by employees, purchase of agricultural products and farming experience activities, driving the employees of the Group to get close to green production locations and facilitating the cycle of sustainable agricultural economies. - We donate friendly farmed rice in food service locations for vulnerable groups and senior people to make sure that they are able to enjoy safe, nutrition-rich and healthy rice.	●	●								
3 GOOD HEALTH AND WELL-BEING	**Ensure and promote healthy life and well-being for all at all ages.** - In cooperation with BenQ Healthcare Corporation and New Best Hearing International, we connect the Group's medical specialists with potential demanders in remote areas and communities, and plan "Online Pharmacists" for remote consultation on drug use as well as "BenQ Academy – Intelligent Hearing Aid" interactive courses of hearing care and screening to facilitate people in improving preventive healthcare literacy. - The Foundation provides financial aid to children from centers of Taiwan Fund for Children and Families to get glasses in order to protect their eyes.				●	●				●	

Corresponding item	The Foundation's corresponding action	Environmental protection			Reduction of the digital gap	Cultivation of honest and smart employees					Improvement of the value in the original culture
		Farming like a farmer: (I) "DOC Volunteers' Short Trip"	Farming like a farmer: (II) "Friendly Farming" for rice contract farming	Workshop for ESG Sustainability Action	The "Digital Opportunity Center Project" of the Ministry of Education	BenQ Academy–Intelligent Hearing Aid	BenQ Honest and Smart Experience Workshop	BenQ Dream Action Campus Lecture	Honest and Smart Scholarship	Vision Hope Project	BenQ International Sculpture Workshop
4 QUALITY EDUCATION	**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all** – Education on information and communication for all: In line with the government's policy of digital development, the Foundation utilizes the Group's professional capability of information, communication and branding to provide all requiring people in the Hsinchu-Miaoli region, including new immigrants, indigenous people and the elders, with multi-dimensional education of digital intelligence such as technological lives, healthcare applications and design and marketing to eliminate digital gaps between cities and communities. – Information and communication accessibility in elementary schools: The Foundation invites educators, scholars and R&D teams to develop lesson plans with the Group's new carrier products while referring to the trend on the teaching site, aiming to train the ability of elementary school students to use hardware and software. – Positive career empowerment for high school students: The Foundation invites teenage models from each field to serve as a lecturer and share their process of practices, showing persistence and resilience to encourage more high school teenagers to dream. – Promotion of art and culture: The Foundation builds an exchange platform for art to encourage and support domestic and international artists in their creation by calling for submissions. Moreover, we facilitate the employees and people in getting close to art and learning to appreciate it by methods such as the provision of locations for site-specific creation, and establishment of permanent static artwork exhibitions.				●	●	●	●			●
5 GENDER EQUALITY	**Realize gender equality and empower women.** – The Foundation establishes dedicated courses for women to ensure their learning rights. – We encourage female craftspersons to enhance their information and communication capabilities in order to increase income through Internet marketing.				●						
8 DECENT WORK AND ECONOMIC GROWTH	**Promote inclusive and sustainable economic growth to provide everyone with an ideal job.** – We place a priority on friendly farmers and professional cultural craftspersons when making recommendations to establish data on network platforms and footage. – The Foundation brings an average of more than NT$6 million to remote areas every year to facilitate agricultural economies through contract farming, exhibition and sales in bazaars, employees' purchase of agricultural products, volunteer travel and procurement of the Group's public relations products. In addition, we ensure that average around 5.5 dedicated personnel from the contract farming unit are devoted to friendly agriculture.	●	●		●						

Corresponding item	The Foundation's corresponding action	Environmental protection			Reduction of the digital gap	Cultivation of honest and smart employees				Improvement of the value in the original culture	
		Farming like a farmer: (I) "DOC Volunteers' Short Trip"	Farming like a farmer: (II) "Friendly Farming" for rice contract farming	Workshop for ESG Sustainability Action	The "Digital Opportunity Center Project" of the Ministry of Education	BenQ Academy– Intelligent Hearing Aid	BenQ Honest and Smart Experience Workshop	BenQ Dream Action Campus Lecture	Honest and Smart Scholarship	Vision Hope Project	BenQ International Sculpture Workshop
11 SUSTAINABLE CITIES AND COMMUNITIES	**Make cities and rural areas inclusive, safe, resilient and sustainable.** - Based on the principle of sustainable tourism, the Foundation makes discussions on schedule plans that meet the requirements of local economic benefits, cultural translation and environmental sustainability with the stakeholders such as community groups. - Combining volunteer services and touring experience, the Foundation not only serves as the bridge for mismatching the Company and external communities, but also pay field visits to local communities in the hope of enhancing the positive connection between both parties and promoting the PDCA cycle for communities to improve the momentum.	●	●		●						
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Promote green economies and ensure sustainable consumption and production modes.** - Employees participate in labor services and assist in beach cleaning as well as harvesting work during volunteer leaves or holidays. - The Foundation supports the purchase of local friendly farmed agricultural products and plans the purchase of agricultural products and farming experience activities for employees, facilitating the cycle of sustainable economies.	●	●		●						
14 LIFE BELOW WATER	**Protect and utilize marine ecosystems in a sustainable way to ensure biodiversity and prevent the marine environment from worsening.** - We collaborate with townships on the coast of Miaoli, including Yuanli, Tongxiao and Houlong, to help local partners clean the beach and upload the record of waste classification on the ICC for statistics, aiming to implement the participation in citizen science-based movements. - The Foundation lists the issues that social groups and partners of the coast care about, and then introduces digital recording to assist in disseminating the urgent issue of marine protection.	●			●						
17 PARTNERSHIPS FOR THE GOALS	**Establish diverse partnerships and promote the vision of sustainability together.** - The Foundation plans the annual ESG general education course to empower our partners in sustainable common languages for communication. - We encourage the partners of Hsinchu and Miaoli DOCs to set sustainability goals to recheck, view and make plans for resources and corresponding goals in three aspects of ESG: the development of local economies, cultural preservation and sustainable natural environments. - We also comply with the Company's goals of net zero and carbon reduction by introducing courses regarding the ISO 14064 certification for companies of the Group and in the supply chain. This is to assist in cultivating sustainable talents for the Group as well as implementing legal compliance and the strategy of net zero/carbon reduction.			●	●						

Qisda Corporation

〉 Clubs for Public Welfare

Suggestions from consultant: Problems waiting to be solved, roles, major results and footprints shall be presented in advance for every core element, as shown in the table below. The example of Wistron is attached.

The "Loving Care Club" and "Public Welfare Ukulele Club" were organized by the employees full of affectionate love. The purposes of these clubs are to provide a diverse public welfare platform for the employees, so that they can participate in volunteer events and the clubs can give assistance to public welfare organizations and take care disadvantaged groups in society. The "Public Welfare Ukulele Club" pursues the goal to console people with music. For this, employees make use of their spare time and participate in volunteer events with music to give their warmhearted enthusiasm to the organizations that they help.

In consideration of the diversity and to encourage the employees with different demands to participate in public welfare activities, these clubs organized 19 volunteer events in 2022 and showed their love to the people who were really in need of care, such as children with Intellectual development disorders, elderly people living alone, disadvantaged children, farmers, global environmental protection, stray animals, etc. The organizations that the public welfare clubs take care of continuously include the Huashan Social Welfare Foundation, Genesis Social Welfare Foundation, World Vision, Hondao Senior Citizen Welfare Foundation, Reindeer Child Home, Child Welfare League Foundation, The Carpenter's House, twhope.org, Taiwan Pawprint K9 Rescue, Xinwu Catfirst, Parents' Association for the Visually Impaired, Chiling Charity Foundation, Chensenmei Social Welfare Foundation, Taiwan Happywork Association, and the Noordhoff Craniofacial Foundation.

As for raising funds for disadvantaged organizations, a total of 184 volunteers and 477 hours were input.

〉 Support of the World Earth Day

As we survived the impact of the pandemic in early autumn in 2022, the Employee Welfare Committee began to hold the employees' favorite activity – the Family Day. The activity had not been held for two years. This time, as the government developed policies to loosen the restriction for pandemic prevention, the members of the Employee Welfare Committee attentively made proposals and plans to bring the employees of the Group and their family members on a trip to Leofoo Village, a double-themed (water and land) park in Hsinchu. Under the effort of the planning partners, every participant was allowed to play in both water and land theme parks with just one ticket. The element of group competition was added to the activity to increase interactions among departments. Furthermore, the singer-songwriter William Wei was additionally invited to perform live, creating many good memories and experiences in the activity.

Through this activity, not only the strength of the Group's employees was effectively consolidated, the happiness that the Company emphasized was also significantly manifested, showing the unified strength of the companies of the Group. The activity was named "A Happy Sailing and A Brave Dive Into the Visual World" as a response to the Company's strategy of caring for the employees and building a happy workplace. A total of 14,000 people signed up for this activity with the participation of more than 30 companies. The attendance rate reached 92%, which especially demonstrated the Group's "united alliance" mode. Moreover, the result of the overall evaluation of the activity turned out to be better than ever with a 30% growth in the satisfaction rate.

At the same time, the vision of ESG was completely realized in this activity. Social welfare organizations including the Man Fair Sheltered Workshop, Children Are Us Foundation, Genesis Social Welfare Foundation and BenQ Foundation were invited for exchange and promotion. In addition, we sold charitable commodities to provide the employees and their family members with more opportunities to care about issues with respect to vulnerable groups in society. It is worth mentioning that the event broke away from the mode in the past and showed innovative thinking. The
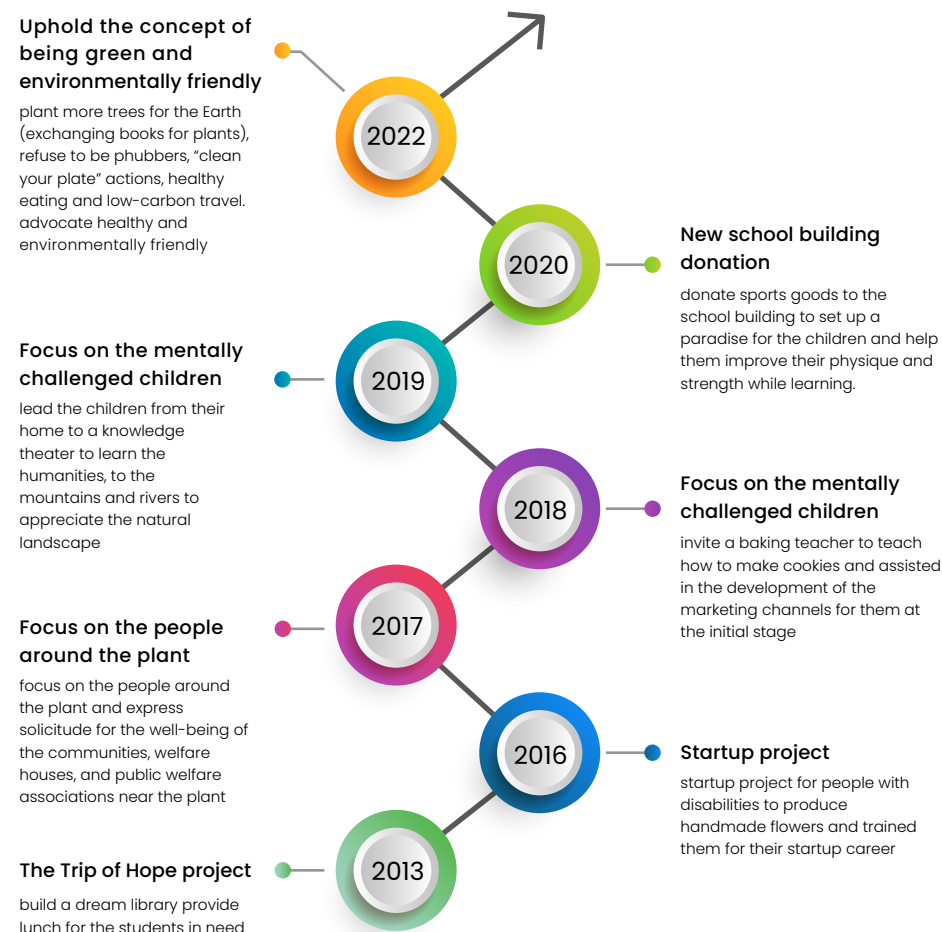
organizing unit encouraged the employees to bring their own chopsticks and water bottles instead of providing single-use tableware. It also introduced the "Electronic QR Code System" for employees to use in the park, where all activities including check-ins, purchases, challenge-defeating activities and food provision were conducted through the electronic system. This significantly reduced waste caused by excessive material consumption, and directly benefiting society and the Earth. With our joint efforts, we achieved remarkable results in reducing carbon emissions. The total amount of paper used in the activity was 84 thousand sheets less than expected, and 672 kilograms of carbon were reduced as an overall result.

Moreover, the Employee Welfare Committee held various activities irregularly to enhance the employees' physical and mental balance while satisfying the ESG performance. A total of more than 40 sessions of small and large activities were held, including the Green Carnival Party – Tree Planting Festival, Courses for Remaking Wasted Peel Into Detergent, DIY – Remaking PET Bottle Into Potted Plants, and Positive Sustainability Lecture. The average satisfaction rate reached 4.35 points and over 25 thousand kilograms of carbon were reduced. As a result, the BenQ Qisda Group's dedication to sustainable operations was proved once again. Through individual activities as well as the joint effort and support from everyone, a trend to a better Earth and society was facilitated.

Overseas Locations

Qisda Suzhou in China takes the corporate social responsibility and take care of the people in need continuously. Qisda Suzhou has implemented the Trip of Hope project since 2013. It helped the Mingfan Elementary School at the foot of Dabie Mountain in Anhui Province build a dream library and provided lunch for the students in need. In 2016, the company launched a startup project for people with disabilities to produce handmade flowers and trained them for their startup career. It helped them learn the skill for their livelihood and independent life and realized the meaning and wonder of life. In 2017, Qisda Suzhou focused on the people around the plant and expressed solicitude for the well-being of the communities, welfare houses, and public welfare associations near the plant. Qisda Suzhou focused on the inner world of the mentally challenged children in 2018. While expressing solicitude for their material and mental life, Qisda Suzhou invited a baking teacher to teach how to make cookies and assisted in the

Combined with corporate social responsibility, Suzhou, China continues to pay attention to the people in need.

Uphold the concept of being green and environmentally friendly
plant more trees for the Earth (exchanging books for plants), refuse to be phubbers, "clean your plate" actions, healthy eating and low-carbon travel. advocate healthy and environmentally friendly

2022

2020

New school building donation
donate sports goods to the school building to set up a paradise for the children and help them improve their physique and strength while learning.

Focus on the mentally challenged children
lead the children from their home to a knowledge theater to learn the humanities, to the mountains and rivers to appreciate the natural landscape

2019

2018

Focus on the mentally challenged children
invite a baking teacher to teach how to make cookies and assisted in the development of the marketing channels for them at the initial stage

Focus on the people around the plant
focus on the people around the plant and express solicitude for the well-being of the communities, welfare houses, and public welfare associations near the plant

2017

2016

Startup project
startup project for people with disabilities to produce handmade flowers and trained them for their startup career

The Trip of Hope project
build a dream library provide lunch for the students in need

2013

development of the marketing channels for them at the initial stage, then they could sell the products by themselves at the later stage. This way, they could enjoy the results of their endeavor, learn a skill for their survival, and eventually become a member of the society. Qisda Suzhou focused more on the inner world of the mentally challenged children in 2019. This year, the company led the children from their home to a knowledge theater to learn the humanities, to the mountains and rivers to appreciate the natural landscape, and to the traditional festivals to experience the fun in the customs. The Mingfan Elementary School at the foot of Dabie Mountain moved to the new building in 2020. Qisda Suzhou donated sports goods to the school building to set up a paradise for the children and help them improve their physique and strength while learning.

In 2022, the employees in Suzhou, China upheld the concept of being green and environmentally friendly and paid attention to every detail related to environment protection around them. They advocated healthy and environmentally friendly lifestyles through eco-friendly and public welfare activities such as planting more trees for the Earth (exchanging books for plants), refusing to be phubbers, "clean

your plate" actions, healthy eating and low-carbon travel. Meanwhile, they attracted more people to actually participate in environmental actions within their power, making contributions to the business of environmental protection.

The labor union for the Vietnam Plant, on the other hand, fulfilled the internal and external corporate social responsibilities in 2022. For external responsibilities, it donated Lunar New Year gifts to 50 local poor families. It even donated VND 500 thousand to each of these families. In terms of internal responsibilities, the union raised more than VND 37 million to take care of the employee who got into a car crash during the holiday, facilitating the subsequent treatment for and recovery of the employee.

Leadership

Vision of governance: Having more than 50% revenue from highly value-added business by 2027

Corporate governance is fundamental to the operation of a company. Qisda is committed to disclosing information about the corporate governance and enhancing the transparency of management performance, while making efforts to improve the revenue and actively achieve value transformation with the operation guidelines of "optimization of existing businesses", "expansion of medical business", "acceleration of smart solution development", and "deployment of network communication business."

Regarding the risks of operations, the Company has managed to reduce the risks and bolster the risk response capabilities through risk control. Meanwhile, the organizational activities have been promoted and supervised in accordance with domestic and international regulations to ensure the development as a robust organization and further protect the rights of stakeholders.

Outlook

Transformation based on the four operation guidelines
For the optimization of existing businesses: Continuous in-depth development of advanced technology with comprehensively enhanced technological capabilities and strict quality control;
For the medical business: Expansion of channel deployment and service scope to maintain considerable growth;
For the smart solutions: Expansion of the core businesses to satisfy the customers' demand;
For the network communication business: Expansion of the telecom market and deployment of LEO satellites for more 5G business opportunities.
Based on (1) "value expansion" to deploy new businesses with market potential and in which we have competitive advantages, and
(2) "efficiency improvement" to improve the overall business performance, we are devoted to increase the overall profitability and carry out value transformation so that the Group achieves common good, growth and synergy.

Corporate governance

Business performance

Risk management

Corporate Governance

⟩ Organization and Operation of Corporate Governance

Qisda has been committed to the protection of shareholder rights and advocated transparency as well as fairness in terms of information dissemination. Since the shareholders' meeting in 2012, the Company has adopted the electronic voting system and case-by-case voting method for the meeting's agenda, in order to enhance the shareholder attendance at the meeting and make sure the shareholders exercise their rights at the meeting legally. At the meeting, we also actively present our operational and financial overview to the shareholders and receive their inquiries. The Audit Committee and the Compensation Committee has been established under the Board of Directors to assist the directors in reviewing the proposals and ensure the decision-making quality of the Board. Meanwhile, our management team consisting of experienced and professional managerial officers is also involved to jointly facilitate the shareholder rights to the fullest extent possible.

▯ Organizational Structure of Corporate Governance
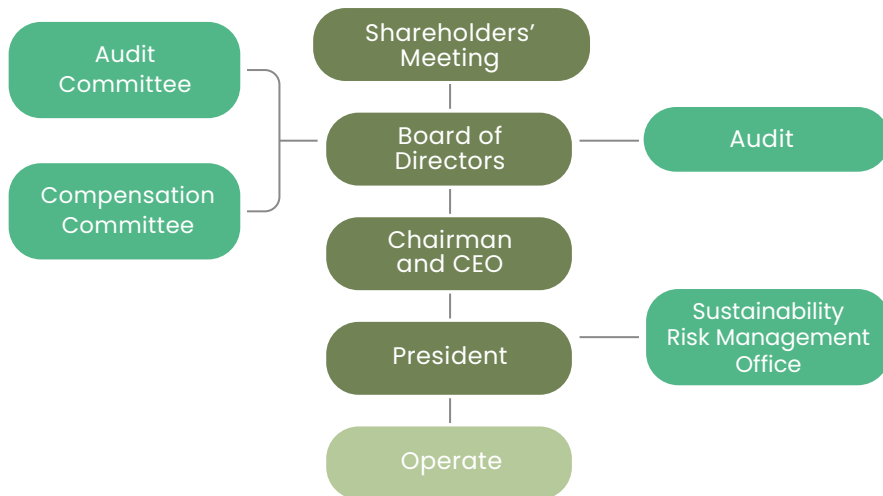
Structure and Operation of the Board of Directors

The Board of Directors serves as the top decision-making unit of Qisda. All the Board members are elected for a term of office for three years by all the shareholders through voting at the shareholders' meeting as per the "Procedures for Election of Directors" in accordance with the laws and the Articles of Incorporation. Currently, there are seven members in the Company's Board of Directors (including three independent directors), excluding the honorary chairman who has an average term of office for 7.7 years. One of the members is 51–60 years old, while the other six members are 61–70 years old. For the committees subordinate to the Board, the members thereof are nominated and selected upon the Board's resolution according to their respective organizational regulations. The independent directors all comply with the professional qualifications, work experience requirement, restriction and independence of independent directors with concurrent positions under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The Chair is elected by the directors who all have more than five years of work experience related to business, legal affairs, finance, accounting or other operations essential to the Company.

Qisda's Chairman and CEO, Peter Chen, serves as the Chair of the Board of Directors according to Paragraph 3, Article 208 of the Company Act. During the discussion and voting on the proposals at the Board meeting, when a director has a personal interest in the proposal discussed and might impair the Company's interests, the director shall, according to Paragraph 2, Article 206 of the Company Act, avoid taking part in the discussion and voting of the proposal in compliance with the rules of conflicts of interest avoidance under Article 178 of the Act. When necessary, the Chairman will appoint another director to serve as the chairman of the meeting. Any conflict of interest at the Board meeting will be disclosed in the corporate governance section of our annual report of the year according to the regulations.

Inquiry of annual report:
https://www.qisda.com/tw/investor/governance/director

🛢 **Functional Committees**

	Audit Committee	Compensation Committee
Description of Duties	– Established in 2008, the Audit Committee, consisting of all the independent directors pursuant to the laws and regulations, is subject to the "Audit Committee Charter" formulated by the Board of Directors. It mainly plays the role of auditing, prudently inspecting the operation implementation status of the Company and the Board of Directors. The committee meets at least once a quarter. – Reports and inquiries regarding the audit status of the latest financial statements, internal audit results, major lawsuits, financial and business overview, etc., are made to the Audit Committee members by the accountants (every six months), internal audit unit (quarterly) and units of risk management, legal affairs, finance and accounting (irregularly). This way, the Audit Committee members can ensure the validity of our corporate governance and information transparency for the investors, thereby protecting the shareholders' equity.	– The Company established the Compensation Committee in 2011 and had the Board of Directors develop the "Compensation Committee Charter" , in order to boost corporate governance and enhance the compensation system for our directors and managers. The Compensation Committee members exercise the due care of a good administrator, faithfully perform the relevant duties as per laws, and submit the suggestions to the Board of Directors for discussion. It holds the meeting at least twice a year; the meeting can be convened at any time when necessary. – Based on the consideration of the industrial risks, the duties of the person in charge, directors and independent directors, and the operational scale, etc., of the Company, and under the principles of correspondence with responsibility as well as reasonable basic compensation, the distribution of the compensation to our employees and directors is subject to the approval of the Compensation Committee and the Board of Directors, and reported at the shareholders' meeting as a proposal independent from the stakeholders' opinions. Such distribution can be a method of measuring the management performance of the Company's top management. The related information about the compensation to our top management such as the Board of Directors and managers has also been appropriately disclosed for all the stakeholders to fully understand the connection between the compensation to high-level executives and corporate ESG performances.
Operation in 2022	– In 2022, there were six Audit Committee meetings convened, with an average attendance rate of 100%. – The relevant implementation highlights and operational status of the Audit Committee in the year have been disclosed in the "Operational Status of the Audit Committee" in our 2022 Annual Report. As for the status, topics and results of its communication, the details have been disclosed in the "Investor Relationship – Committee – Communication Status of Independent Directors and Internal Audit Officer with CPAs" of our official website.	– In 2022, there were four Compensation Committee meetings convened, with an average attendance rate of 100%. – For the Company's compensation policies and the implementation highlights and operational status of the Compensation Committee in the year, the information has been disclosed in the corporate governance section of our 2022 Annual Report and the Investor Relationship – Committee – Operational Status of the Compensation Committee" of our official website.

Election and Diversity of the Board Members

It is specified in our Articles of Incorporation that the candidate nomination system shall be adopted for the election of directors, and it is set forth in Article 20 of our "Corporate Governance Principles" that diversification shall be taken into account for the composition of Board of Directors. The number of directors concurrently serving as the Company's managers should not exceed one-third of the overall number of directors, and the Company should, according to the operations, business type and development needs, formulate an appropriate diversity policy in consideration of the basic criteria and values including but not limited to age, gender, nationality, culture, and of the professional expertise and skills (i.e. professional background, professional skills and industry experience).

Currently, there are two directors who are also the employees of the Company (accounting for 28.57%) and three independent directors (accounting for 42.86%), which corresponds to our specific management targets of diversity policy: more than one-third of the Board members as independent directors, and less than one-third of the Board members concurrently serving as managers.

🔗 The Investor Relationship section of the Company's website: https://qisda.com/tw/investor/shareholder

Diversity of the Board Members

Title	Concurrently an Employee	Independence of Non-executive Director	Name	Gender	Nationality	Age 51-61	Age 61-70	Business Management	Academic Research	Industrial Knowledge	Information Technology	Venture Capital	Finance and Accounting	Sustainable Development	GICS Level1 Industry Experience
Chairman	●		Peter Chen	Male	Taiwan		●	●		●		●		●	25 Consumer Discretionary
Honorary Chairman		●	K.Y. Lee	Male	Taiwan		●	●		●				●	25 Consumer Discretionary
Director		●	Representative of AU Optronics Corporation: Shuang-Lang (Paul) Peng	Male	Taiwan		●	●		●		●		●	20 Industrials
Director	●		Representative of BenQ Foundation: Joe Huang	Male	Taiwan	●		●		●				●	25 Consumer Discretionary
Independent Director		●	Allen Fan	Male	Taiwan		●	●			●	●			45 Information Technology
Independent Director		●	Charles Yen	Male	Taiwan		●	●				●	●		40 Financials
Independent Director		●	Jyuo-Min Shyu	Male	Taiwan		●	●	●		●			●	

Note 1: The independence of the external directors is examined using the following criteria, with at least four of the nine indicators and at least two of the first three indicators required to be met.

- The director did not serve as a senior manager of the Company in 2022.
- The director and his/her family member(s) did not accept more than US$60 thousand from the Company or any of the subsidiaries thereunder in 2022 unless otherwise permitted by the US SEC 4200 clause.
- None of the director's family members were employed by the Company or any of the subsidiaries thereunder as senior managers in 2022.
- The director is not a consultant of the Company or the management team, and has no conflict of interest with consultants of the Company.
- The director has no conflict of interest with the Company's major customers or suppliers.
- The director has not entered into any service contract with other companies or their executives.
- The director has no conflict of interest in non-profit organizations whose main sources of revenue are donations from the Company.
- The director was not employed and did not serve as a partner of the Company's external auditor in 2022.
- The director has no conflict of interest with the independent operations of the Board of Directors.

Note 2: The information about the educational background, experience, term, concurrent positions in other companies, Board meeting attendance rate, shareholders with control, etc., of the Company's Board members has all been disclosed in the section of Corporate Governance Operation in our annual report.

In 2022, Qisda continued to be ranked among the top 6%–20% in the 9th Corporate Governance Evaluation, with the external performance evaluation of the Board of Directors already completed. In 2023, we will go on keeping track of the revolutionary indicators of corporate governance with an eye to improving the corporate governance system and the evaluation results.

Evaluation of Board Performance

In compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies", every director of Qisda engages in continuing education for at least 6 hours per year so that the highest governance body possesses the knowledge in relation to economic, environmental and social issues. In 2022, the Board members received up to 6.7 hours of continuing education per person on average, with the courses covering information security governance, sustainability information disclosure, and sustainability risk management. For the details of the continuing education, please refer to our annual report/corporate governance report.

To ensure corporate governance and enhance the function of the Board of Directors, Qisda passed the "Rules for Performance Evaluation of Board of Directors" in 2018, specifying that the performance evaluation of the overall Board of Directors, individual directors and functional committees shall be carried out internally at the end of each year, and externally at least once every 3 years.

At the end of 2022, we completed the internal performance evaluation of the Board and the functional committees. The completion rate of self-evaluation exceeded 99%, reflecting the good overall operational efficiency of our Board of Directors. The evaluation results have been reported to the Board in Q1 2023. Meanwhile, it is stipulated in our Rules for Performance Evaluation of Board of Directors that the performance shall be evaluated by an independent external professional institution or an external group of experts and scholars for at least once every 3 years as well as being evaluated internally at the end of each year. In 2021, the Company commissioned the independent external evaluation institution, Taiwan Corporate Governance Association, to evaluate the performance of our Board of Directors. The evaluation was made based on eight dimensions: composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management of the Board; the methods of evaluation included online self-evaluation, review on relevant written documents, and the on-site visit on September 27, 2021. The persons evaluated included the Chairman, three independent directors, the Corporate Governance Officer and the Audit Officer. The performance evaluation results of the Board of Directors were received on

October 6, 2021 and reported to the Board on November 12, 2021; also, the relevant external evaluation results have been disclosed in the "Board of Directors Performance Evaluation" on our official website.

Compensation System for the Directors and Managers

In addition to the financial indicators, the Company has decided to establish a long-term compensation plan for the Chairman and CEO, President and other senior managerial

Compensation System for the Directors and Managers	Environment (E)	Society (S)	Corporate Governance (G)
Goal	Implementation of the pathway to carbon net zero	Enhancement of social engagement and influence in sustainability	Improvement of the ESG rating results in Taiwan and abroad
Description	With 2021 as the base year Scope 1 and Scope 2 GHG emissions: **106,672** tCO₂e	Internally: Improvement of the employees' participation Engagement survey in 2021: Average score: 4.55 points (out of 6 points)	Being selected in international sustainability rating events or continuous improvement in DJSI Improvement of one of the indicators and effort for bonus points with relevant questions in the domestic Corporate Governance Evaluation
2023	GHG emission reduction by **10%**	Average employee engagement score: **4.6**	Being selected by AREA or improvement by 5 points or a place higher in DJSI Improvement of one of the indicators and effort for bonus points with relevant questions in the domestic Corporate Governance Evaluation
2024	GHG emission reduction by **20%**	Average employee engagement score: **4.65**	Being selected by AREA or improvement by 5 points or a place higher in DJSI Improvement of one of the indicators and effort for bonus points with relevant questions in the domestic Corporate Governance Evaluation
2025	GHG emission reduction by **30%**	Average employee engagement score: **4.7**	Being selected by DJSI or MSCI or improvement by 5 points or a place higher in DJSI Improvement of one of the indicators and effort for bonus points with relevant questions in the domestic Corporate Governance Evaluation
2030	GHG emission reduction by **60%**	Average employee engagement score: **5.0**	Being selected by DJSI Improvement of one of the indicators and effort for bonus points with relevant questions in the domestic Corporate Governance Evaluation

officers for their management performance starting from 2023. Connected to the ESG performance (performance indicators in relation to corporate governance, social engagement and environmental sustainability), the plan grants long-term reward and compensations based on the achievement status of such ESG performance indicators every year. The compensation of the President, for example, is expected to constitute 0%–10% of his overall annual remuneration according to his target achievement status.

〉 Code of Conduct

Policy and Commitments

Ethical management is the primary corporate social responsibility. It is helpful to the operation and long-term development of a company. Unethical behaviors not only bring loss to a company but also lead to low level of morality of the employees and distrust in the relationships with customers and business partners. Lobbying, bribery and other illegal behaviors might subsequently occur, which would impair the corporate governance system and make the overall operational environment deteriorate. To turn the mission of "dealing with the customers, suppliers, creditors, shareholders, employees and general public with integrity" into the core corporate culture of Qisda, we have passed the "Corporate Governance Best-Practice Principles", "CSR Best-Practice Principles", "Code of Ethics for Board of Directors and Managers" and "Ethical Corporate Management Best-Practice Principles" upon the Board's resolution in May 2015. The new "Ethical Corporate Management Best-Practice Principles" were supervised and approved by the Board of Directors in November 2020, with some provisions added as per the requirements of the Taiwan Stock Exchange. Meanwhile, the "Code of Conduct", "Employee Code of Conduct" and "Anti-corruption and Anti-bribery Policies" have been formulated. These are all reference for every employee to keep in line with. The foregoing policies cover the regulation of integrity, anti-corruption and bribery, discrimination and harassment, conflicts of interest, anti-trust, management of conflicts of interest, insider trading and money laundering, intellectual property rights, data protection, environmental protection, health and safety, human rights protection, etc. For the regulation of donations and sponsorships, it is explicitly stated in the Code of Conduct that the Company shall not make any direct or indirect political contribution, that the engagement in political events shall be strictly subject to local regulations and careful assessment, and that the donations and sponsorships shall not be a disguised form of bribery. In 2022, Qisda did not provide any political contributions, but still maintained the employees' entitlement to civil rights.

> The new "Ethical Corporate Management Best-Practice Principles" were supervised and approved by the Board of Directors in 2020. The rate of the employee code of conduct training remained 100% in 2022.

Management Procedures

Regarding the practice of management, the Company has formed a dedicated unit for ethical business management to ensure the thorough management of ethical business, and organized the Ethical Management Implementation Task Force in compliance with the "Ethical Corporate Management Best-Practice Principles" approved by the Board of Directors. The members of the task force are the professional personnel in the fields of human resources, risk management and auditing; they are responsible for the development and implementation oversight of the ethical management policies and related preventive programs. Also, upon the Board's resolution, Qisda authorize the ESG Committee, in which the Chairman, Peter Chen, serves as the committee chair, to supervise and manage the progress of our corporate sustainable business activities (including ethical business), and take charge of the proposal and implementation of corporate sustainability policies, systems or related management guidelines as well as the concrete promotional plans.

Since 2015, the committee has regularly reported the implementation status of CSR and ethical management of the year to the Board (at least once a year) to discuss relevant issues with the directors. The most recent report on the implementation status of CSR and ethical management was given to the Board in Q1 2023, and the related information has been disclosed in the corporate governance section of the 2022 Annual Report and the Company's website.

Qisda's Code of Conduct is disclosed on the Company's internal website and communicated to the employees through regular training every year. All the employees are required to meet the requirements of the Code of Conduct; their fulfillment in this aspect is connected to personal performance and incorporated into the scope of performance evaluation as part of the reference for remuneration.

Communication and Training on the Code of Conduct

Qisda's Code of Conduct is disclosed on the home page of the Company's internal website. When important festivals such as Lunar New Year are coming or when necessary,

the Company also sends newsletters reminding that no external presents shall be accepted, for example, to the employees through email, increasing their awareness of observing the standard.

Every new employee must agree to observe the Company's Ethical Corporate Management Best-Practice Principles by signing the employment contract when coming on board. As for the existing employees, they are given online training on the Code of Conduct (including anti-corruption) on an annual basis; the employee training completion rate was 100% in 2022. Thanks to the training and dissemination with respect to the Code of Conduct, there was no violation of the ethical management principles in 2022.

⬚ **Percentage of Communication and Training on the Code of Conduct***

Region	Employee Category	Number of Employees	Completion Rate
Taiwan	Direct Labor	251	100%
	Indirect Labor	1409	100%
Suzhou, China	Direct Labor	7931	100%
	Indirect Labor	1323	100%
Vietnam	Direct Labor	298	100%
	Indirect Labor	219	100%
Total		11,431	100%

Besides the communication with and training of employees with regard to ethical conduct, we have sent anti-corruption promotion letters to all the members of the Board of Directors (currently seven members) on a regular basis since 2014, and anti-corruption clauses have been added to the contracts entered into with our business partners. In addition, we regularly send a letter of "Qisda Ethics Promotion" to our suppliers every year. The letter was sent to about 1,268 suppliers in 2022 to achieve our goal of zero corruption incidents. In 2022, the Company did not receive any whistleblowing reports from the suppliers.

⎮ * The contents of the Code of Conduct were communicated to the employees in the form of training by October 31, 2022.
⎮   A total of 11,431 employees participated in the training.

Report and Suggestion Communication Mechanism

The Company has established the "whistleblowing channel and investigation procedure" and the President mailbox; relevant announcement has been made on our website as well. For serious inappropriate behaviors that violate the principles of integrity, conflicts of interest and avoidance, fair trade, bribery and illegal payments, or any illegal or improper treatment, we have a complete set of communication procedures for whistleblowing reports and suggestions. When finding anyone or any matters non-compliant with the spirit of integrity or against the regulations under the Ethical Corporate Management Best-Practice Principles, the employees may send messages directly to the President through the President mailbox for the top supervisor to handle such cases. The employees and external stakeholders (e.g. suppliers, customers) can also file (anonymous) reports or complaints via the integrity mailbox (Integrity@Qisda.com) in Mandarin, English or other local languages. The Audit Officer is responsible for accepting the whistleblowing reports in relation to integrity, and the dedicated unit will launch investigations and compile the investigation reports. Once the facts are confirmed, the cases are handed over to the Personnel Evaluation Committee for further process. Qisda strictly guarantees the confidentiality of the whistleblowers, making sure of their safety and protecting them from revenge attacks. In 2022, the Company did not receive any whistleblowing reports.

Category of Code of Conduct/Number of Valid Cases	2019	2020	2021	2022
Number of whistleblowing reports regarding violation of Code of Conduct (related to ethics)	0	0	0	0
Corruption or bribery	0	0	0	0
Discrimination or harassment	0	0	0	0
Customer privacy/personal data protection	0	0	0	0
Conflicts of interest	0	0	0	0
Money laundering or insider trading	0	0	0	0
Fair competition	0	0	0	0
Trade secrets	0	0	0	0
Others	0	0	0	0
Number of valid cases (with violation of business ethics confirmed after investigation)	0	0	0	0

Principles of Punishment:

All the employees of the Company must comply with the government laws and the regulations related to employee code of conduct. When any of the following circumstances occurs, the concerned person shall be subject to dismissal, verbal admonition or written warning depending on the severity of the circumstance.

A. Violating the Company's policy

B. Asking others to violate the Company's policy

C. Failing to promptly report the non-compliance found or suspected

D. Failing to cooperate in the investigation conducted for possible non-compliance with a certain policy

E. Taking revenge on the employee who reported the non-compliance

In order to effectively make sure that all the employees adhere to the ethics of the Code of Conduct, Qisda has accepted RBA VAP and SA8000 external audits on a regular basis at our manufacturing sites around the world. Since the first implementation of third-party audit in 2006, there has not been any non-compliance with the requirements of the Code of Conduct so far.

⟩ Legal Compliance

Qisda has operating bases all over the world. We fully comply with the laws and regulations in Taiwan and different countries, and have established relevant policies and by-laws accordingly, with the scope covering personal data protection, confidentiality, anti-bribery, anti-discrimination, environmental protection, intellectual property right protection, anti-insider trading, anti-unfair competition, labor protection, etc. In order to ensure the introduction of internal compliance policies, a control system has been set up. A dedicated legal compliance unit reviews legal changes on an irregular basis, and correspondingly adjusts or arranges new education and training on internal legal compliance. It thereby supports the departments to properly perform their duties as per laws, and takes auditing measures to make sure that the performance of duties is in line with relevant requirements.

All the employees of Qisda pursue the legal compliance policies, escalating the performance of implementation through interdepartmental collaboration. Internally, we ask our employees to maintain ethical integrity in an active manner, and improve occupational safety and health by providing safe and healthy work environment and preventing pollution. In terms of the entire product life cycle, we proactively reduce the use of environment-related substances, not only abiding by the environmental regulations

but also constantly mitigating our impact on the environment. Meanwhile, we fully carry out the anti-trust law compliance plan internally through education and training for new hires, newsletters, online training courses and dissemination posters. In 2022, the Company faced no lawsuits on antitrust grounds. In addition, the Company has taken response measures for the EU General Data Protection Regulation (GDPR), such as education and training, impact analysis of the laws and regulations that the relevant departments are involved in, and so on. The project teams have implemented and set up applicable legal compliance mechanisms like management procedures or templates of forms and documents. Also, we have tracked and paid attention to the legal development trends of personal data protection laws in different countries to stick to the responsibility of personal data protection. In 2022, no significant fines for legal violations were imposed upon Qisda.*

⟩ Information Security

Information Security Policy/Organization

* Significant fine" is defined as a fine of over NT$2 million.

To protect the confidentiality, integrity, availability and legality of IT assets from intentional or accidental threats posed internally or externally, and to ensure the business continuity of the Company, we have developed the information security policy in accordance with ISO 27001 and obtained the ISO 27001 certification. The certified scope includes all the operating systems and key systems of Qisda.

To achieve better implementation of information security management, Qisda has formed the Information Security Management Committee to take charge of the overall information security risk management. The committee consists of the President, top-level executives of different units, and the Chief Information Officer. With the President acting as the convener and the Chief Information Officer as the chairperson (Chief Information Officer: Li-Wen Huang), it is responsible for the regular discussion and review of the Company's information security plans and response measures, etc. The Information Security Management Committee meets every six months, reports the management performance to the Chairman or the President every quarter, and reports the information security management performance, information security issues and directions to the Board/Audit Committee at least once a year.

◊ **Organizational Structure of Information Security Governance**
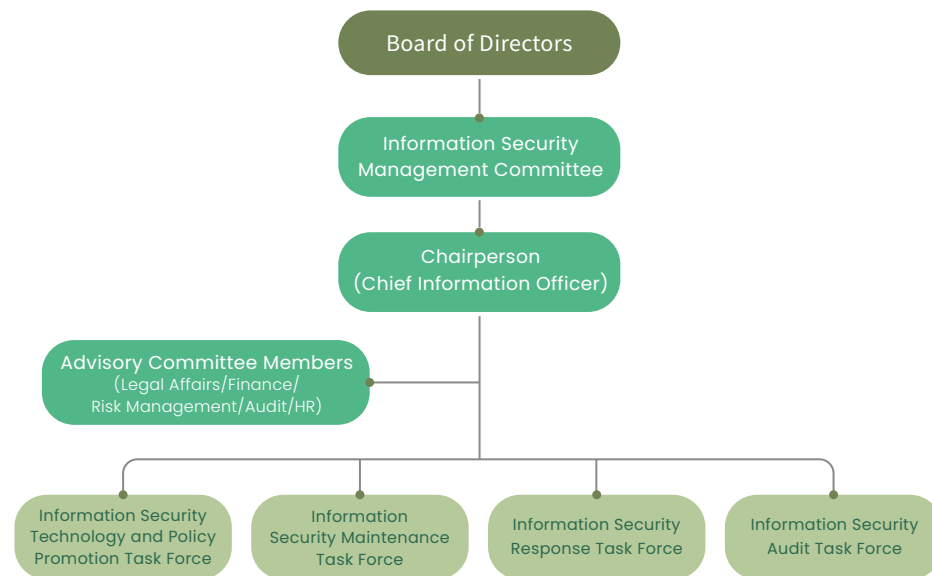
The independent directors of our company, Mr. Fang Cheng-Ju, graduated from the Department of Electrical Engineering at National Taiwan University. He has previously served as the President of Microsoft Taiwan and Vice General Manager of HP (Taiwan) in the information security industry. Mr. Hsu Juei-Min, our other independent director, holds a Ph.D. in Electrical Engineering and Computer Science from UC Berkeley. He has also served as the Minister of the Ministry of Science and Technology of the Republic of China and was involved in formulating national cybersecurity standards and development. Both independent directors contribute their relevant expertise in guiding and advising the company's cybersecurity policies.

Information Security Risk Management

To reduce the information security risks, Qisda has taken several actions at the same time in accordance with the information security policy to ensure a good information security management mechanism, including implementing management and key measures for information security, and raising the awareness of information security protection. In terms of the prevention of information security incidents, the vulnerability scanning system has been introduced for regular vulnerability scanning of each system at least once two weeks, so that our system safety is guaranteed and no sensitive information will be leaked due to system vulnerability. Also, we arrange a system recovery drill every year and make remote backup of ERP data every day.

For the information security management of suppliers, the cyber security risk management system, SecurityScorecard, has been adopted to analyze the ten major risk categories, including cyber security, robustness of network name system, vulnerability repair, endpoint security, IP credit rating, and app security. The information security system risks are thus monitored and continuously analyzed. We have set the target of maintaining the overall SecurityScorecard score of 95 or above (out of 100; average score in the industry: 85); the score has consistently been 95 in these three years.

With the establishment of the information security management system, Qisda has developed and periodically reviewed the information security indicators based on the information security policy, and continued to enhance the Company's information security control mechanism as well as reducing information security risks through the PDCA system.

● Preface ● Creativity ● Transformation ● Productivity **Leadership** ● Sustainability

⬚ **Information Security Policy Measurement Indicators**

Information Security Control on the Internet
– Check the user accounts of the production operating systems
– Perform spot checks on the settings concerning system security of the production systems and PCs (incl. laptops, public computers, workstations, and file hosts)
– Review and check the firewall rules

Data Access Control
– Have all the employees sign the non-disclosure agreement
– Check the user accounts of the production AP
– Request that any changes to the application systems shall be subject to authorization and be made within the scheduled period
– Retain the records of personnel entering and leaving the computer rooms and give appropriate authorization

Response and Recovery Mechanism
– Assess the risks, and put forward and implement an improvement plan within 1month
– Report the information security incidents (if any) within the specified period
– Arrange drills for continuous operation and review the availability of the fundamental equipment in computer rooms and of the perimeter network on a regular basis every year
– Annually perform vulnerability scanning and put forward an improvement plan for critical vulnerabilities within two months

Audit and Dissemination
– Review the documents of information security management system once a year
– Have all the contracted, dispatched and temporary workers hired by the Company sign the relevant documents such as the information security policy agreement
– Give IDL workers appropriate education and training on information security as per regulations

Awareness-raising of Information Security Protection

Implementing the information security management system of Qisda, we review each regulation and make evaluations of as well as adjustments to our internal information security regulations on a regular basis every year, to ensure the legal compliance and effectiveness; the relevant information is disseminated to the employees. In terms of the suppliers, we request that when third-party service providers enter into agreements they will observe the regulations regarding non-disclosure and cyber security. Besides the basic information security-related training when newcomers join us, we regularly hold email social engineering drills, performing educational training for related information

security knowledge regarding email delivery and receipt to lower the risk of their clicking malicious emails by mistake. In 2022, 2,130 employees took part in the email social engineering drills for general and information security personnel, online information security education for all employees, and professional courses on information security; their training hours totaled 2,739 hours. With such arrangement, we improve the employees' awareness of information security, and ensure that the concept of information security is woven into daily operations.
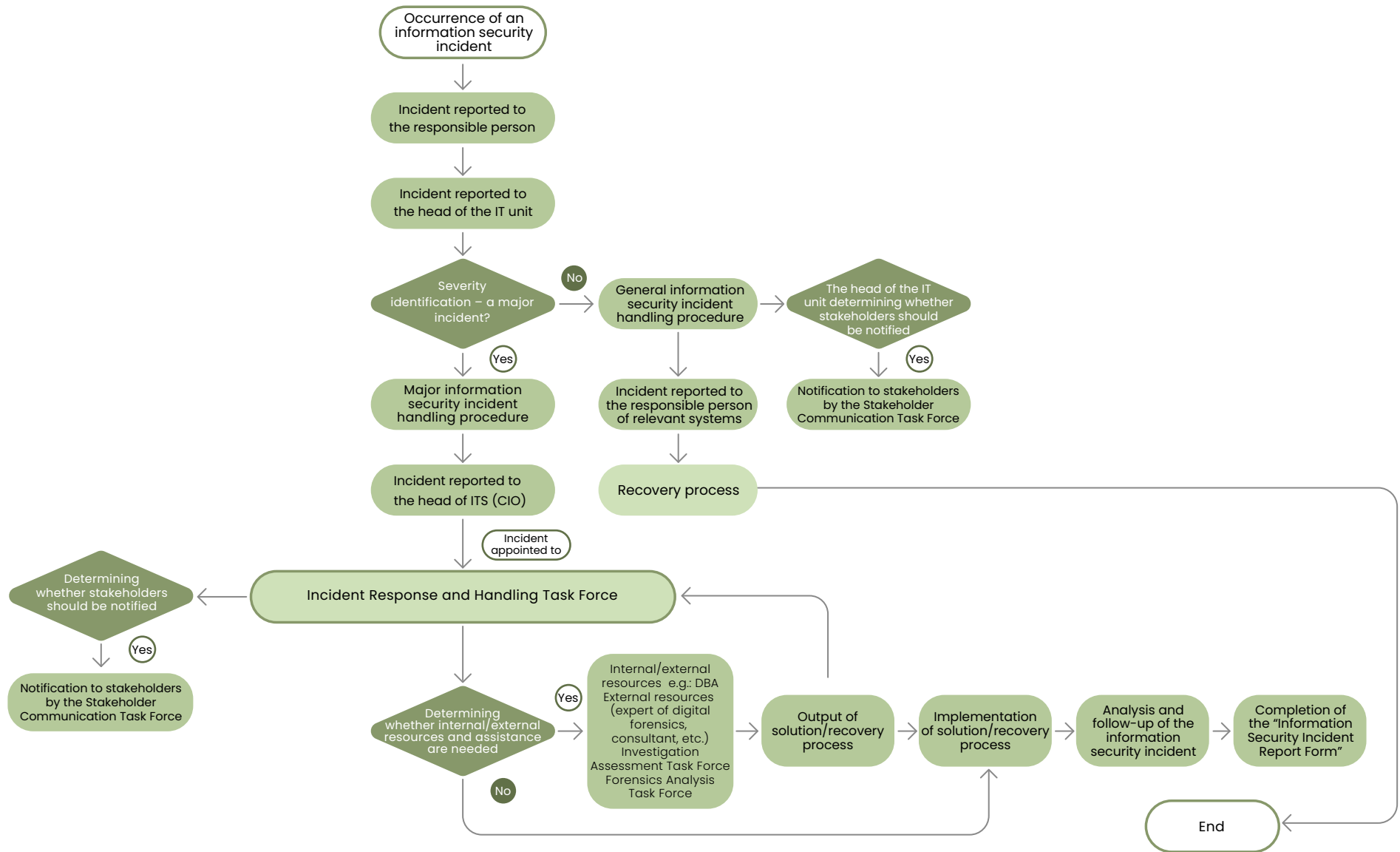
Information Security Insurance

Since July 2017, Qisda has applied for the insurance for enterprise information security risk management to ensure the insurance claim for related expenses incurred by information security incidents (such as business suspension and forensics). This covers the subsidiaries holding a majority of shares to reduce the losses of the Company.

Measures for Significant Information Security Incidents

During the establishment of the information security management system, Qisda has enhanced the SOP and drills of internal emergency response process. We will continue to conduct simulation drills for different information security attack incidents with related personnel participating in the drills, in order to ensure that we can kick off the emergency process when the incident happens and effectively lower the response time and losses on the Company. No information security incident took place in 2022.

Information Security Incident	No. of Cases in 2022	Goal for 2023
No. of violation cases related to information or cyber security	0	0
No. of data leaks	0	0
No. of customers and employees impacted by data leaks	0	0
Amount of fines imposed for cases related to information or cyber security (NT$)	0	0

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Information Security Reporting and Handling Process

Occurrence of an information security incident

Incident reported to the responsible person

Incident reported to the head of the IT unit

Severity identification – a major incident?

— No → General information security incident handling procedure → The head of the IT unit determining whether stakeholders should be notified

Yes → Major information security incident handling procedure

Incident reported to the responsible person of relevant systems

Yes → Notification to stakeholders by the Stakeholder Communication Task Force

Incident reported to the head of ITS (CIO)

Recovery process

Incident appointed to

Determining whether stakeholders should be notified

Incident Response and Handling Task Force

Yes → Notification to stakeholders by the Stakeholder Communication Task Force

Determining whether internal/external resources and assistance are needed

Yes → Internal/external resources e.g.: DBA External resources (expert of digital forensics, consultant, etc.) Investigation Assessment Task Force Forensics Analysis Task Force

No

Output of solution/recovery process

Implementation of solution/recovery process

Analysis and follow-up of the information security incident

Completion of the "Information Security Incident Report Form"

End

Operating Performance

> Expansion of our business territory based on the four operation guidelines: optimization of existing businesses, rapid expansion of medical business, acceleration of solution development, and deployment of network communication business
>
> Consolidated revenue having set new records for 5 consecutive years

> **Management focuses in 2022 and management plans in 2023**
>
> Qisda formed an alliance with hidden champions around the resource platform of the Group.

Qisda has been engaged in the transformation in recent years and formed an alliance with hidden champions around the resource platform of the Group. This idea is recognized by many domestic listed and OTC companies and attracts them to join the alliance. Hence, Qisda had a consolidated revenue rising to a new record high in the recent five consecutive years in the face of the impact of COVID-19 pandemic, challenges in supply chain, rising global trade war jitters and other uncertain conditions. In 2022, we devoted ourselves to the expansion of the business territory based on the four operation guidelines.

1. **Optimization of existing businesses:** Our two major product lines, namely display and projector, continued to produce steady results and stay in the leading positions. The display segment outperformed the other companies in the overall industry and ranked second in the world. We kept moving towards professional display and medical display of high-end quality and high ASP. Our DLP projector also ranked top 2 in the world, continuing to play a leading role.

2. **Rapid expansion of medical business:** Qisda steadily expanded the deployment in the medical field in 2022. The revenue in this aspect exceeded NT$20 billion, the Nanjing BenQ Medical Center was rated as a general hospital of the highest level (i.e. Tier 3, Grade A), and the two medical centers in Suzhou and Nanjing operated well, with constant improvement made in the quality and management of medical care services for smart health operations. Regarding the medical equipment and channel expansion, we obtained the medical device permit license of Malaysia for the BenQ Qflux Dialyzer produced by BenQ Dialysis Technology Corp in 2022, which made our deployment in the five countries in Southeast Asia complete. At the same time, we continued to expand our market in China. We were devoted to the one-stop services in the manufacturing and sales channel of dialyzers, dialysis solution, and disinfectant, and invested in TCI GENE to explore the future business opportunities of precision medicine together.

3. **Acceleration of solution development:** To provide more complete IT (Information Technology) and OT (Operational Technology) deployment, we marched towards the goal of becoming a total software and hardware service system integration provider. The consolidated revenue from intelligent solutions in 2022 was maintained to be more than NT$30 billion. Qisda continued to provide services in the six intelligent vertical markets that meet the requirements of non-contact and cloud transformation under the pandemic. We aggressively explored the business opportunities of cloud market and cloud and local integration, assisted the manufacturing industry in the enhancement of automation, and even created a solution that incorporated all the online and offline channel platforms for smart catering industry, satisfying the customer requirements.

4. **Deployment of network communication business:** The revenue of our network communication business reached NT$30 billion in 2022. In consideration of the growing importance of network communication in the future technology life, we provided total broadband services integrated with wired and wireless networks through our subsidiaries Alpha Networks, Hitron Technologies, and IDT.

For 2023, despite the uncertainty factors of inflation, rate hikes, wars and geopolitics, etc., in the economic environment, there are long-term opportunities such as automation enhancement and digital transformation acceleration as well. Qisda will continue to focus on the four operation guidelines, looking forward to further improvements and creation of long-term values. Our plans include:

1. **Optimization of existing businesses:** We will keep on strengthening our global leading positions for displays and projectors, with the product deployment aimed at the high-end quality, high-resolution and high-value applications.

2. **Rapid expansion of medical business:** The BenQ Medical Centers will keep pursuing the goal of becoming the top China-based private-owned hospitals. The channel deployment will be the priority of our medical equipment business, especially the deployment in Asia and emerging countries. We are also devoted to the development of in-house products and technologies such as ultrasound, hemodialyzer and intraoral scanner. Our expansion of the professional medical management field will be focused on product and service development in four major domains: smart health, medical services, medical equipment and consumables, and hemodialysis. Meanwhile, we will carry on the expansion of medical industry alliances via win-win merger or strategic partnership collaboration models.

3. **Acceleration of solution development:** We will continue to horizontally integrate the internal technologies and channels for our smart business to meet various vertical market demands. Further, we will more keenly integrate the resources of the invested companies such as DFI and Partner Tech to deliver a business synergy, connect with MetaAge in the IT field, and connect with Ace Pillar for its top international agent brands in the OT field, offering customers the best smart solutions, assisting customers with digital transformation, and meeting the requirements for cloud and information security protection.

4. **Deployment of network communication business:** With networking as the core, we will offer the products and services needed by the customers, expand private 5G enterprise networks actively, develop the business opportunities of LEO satellites and space industry, and provide seamless and rapid total broadband services.

Qisda maintains competitive advantages with innovation and technology development. Averagely speaking, the Company invests around 2%–3% of the revenue in the R&D of products and innovative ideas every year; a total of 1,199 patents around the world are currently obtained.

> Financial Performance

In 2022, Qisda's consolidated revenue was NT$239.8 billion, which was NT$13.9 billion more than that of the previous year. The consolidated operating profit totaled NT$5.9 billion, and the consolidated post-tax profit was NT$11.1 billion; the net profit attributable to the owners of the parent was NT$8.3 billion, and the EPS after tax was NT$4.20.

Please refer to the following table for Qisda's operational performances in the past four years. The information has been disclosed in the section of financial highlights in the Company's annual report as well. As for the consolidated entities covered in the Company's consolidated financial statements, they have been disclosed in our 2022 financial statements. According to laws and regulations, tax preferences such as tax exemption or investment tax credits are applicable to Qisda's capital increase or investment in machinery, equipment and R&D. In 2022, Qisda's companies and the plant in China received a tax credit of NT$260 million as per the laws and regulations.

▯ 2022 Economic Value Distribution of Qisda's Parent Company in Taiwan

Unit: NT$

Item		Amount	Note
A. Direct Economic Value Generated			
a	Revenue of the parent in Taiwan	101.9 billion	
B. Economic Value Distribution			
b	Operating cost	96.6 billion	
c	Employee compensation and welfare	4 billion	Employment expenses
d	Payment of interests or allocation of dividends	5.47 billion	Net amount of interest expense of NT$550 million; dividends of NT$4.92 billion allocated to the shareholders
e	Tax	130 million	Income tax
f	Investment in communities	N/A	
Economic Value Retained=A-b			
Total economic value retained		5.3 billion	

▯ Qisda's Operational Performances in the Past Four Years*

Unit: NT$ million

Item \ Year	2019	2020	2021	2022
Operating revenue	169,754	191,702	225,961	239,837
Gross operating profit	23,050	26,827	32,557	34,561
Operating profit (loss)	6,228	6,613	7,361	5,852

▯ * This is the consolidated income statement with IFRS adopted; this table includes all consolidated entities of our consolidated financial statements.

Tax Governance

The Company implements tax governance and executes regular trading principles pursuant to local tax laws of the countries where our operating bases are located. The Company does not take radical tax plans, and is not involved in any tax avoidance or tax break based on a tax structure without real business purposes. We improve the transparency of information by disclosing tax information to stakeholders in our financial reports and local tax returns. The tax department is responsible for the tax governance of the Company. The financial department of each major subsidiary is responsible for the tax governance of the subsidiary concerned. All the significant transactions and decisions of the Company are planned pursuant to local tax laws and agreements. Whether regular transactions meet local tax laws is verified regularly at each operating base. If the competent taxation authority has questions about

Disclosure of Tax Information in Recent Two Years

Item \ Year	2021	2022	Average tax rate in global electronics industry
Net profit before tax	12,992,346	16,623,301	
Income tax expense	2,509,489	5,544,231	
Effective tax rate (%)	19.32%	33.35%	22.5
Income taxes paid	2,067,882	2,442,084	
Cash tax rate (%)	15.92%	14.69%	24.35

Note: The average tax rate in global electronics industry is derived from the data published by S&P Global.

Description:
Qisda and its subsidiaries applied for relevant investment tax credits as per the Statute for Industrial Innovation for the deduction or exemption of other taxes payable, and applied for applicable tax preferences based on the business types of the respective companies. Therefore, the effective tax rate in 2021 and the effective tax rate and cash tax rate in 2022 of the Group were lower than the average tax rate in global electronics industry.

Company forms a project team to communicate with local taxation authorities about tax related issues. In addition, the Company submits the country-by-country report of the previous year pursuant to laws and regulations at the end of the year and conducts secondary filing in the Netherlands for the taxation authorities of the countries other than Taiwan to use.

Participation in Policies

Qisda has voluntarily participated in cross-industry and cross-sectoral associations, groups or organizations. By building good collaborative relationships or becoming a member, we drive the communication between and development of industries, and continue to focus on corporate mergers and acquisitions, industrial development, technological innovation, corporate governance, environmental sustainability, and other important issues*. In 2022, Qisda participated in around 30 international and domestic associations, with the expense totaling NT$2.27 million. From 2019 to 2022, the accumulated expense was NT$7.77 million in total. During the participation in the external organizations, the Chairman of Qisda, Peter Chen, has served as the Chairman of the Taiwan Mergers & Acquisitions and Private Equity Council (MAPECT) since 2022. He not only maintains a complete environment for mergers, acquisitions and private equity investments in Taiwan, but also strives to enhance relevant laws and systems, provide the competent authority with suggestions on policies, and widely communicate and cooperate with relevant international organizations.

Moreover, in response to the significant international initiatives and the impact of climate change, Qisda has actively invested resources to cooperate with climate action organizations in Taiwan and abroad, such as joining the RE100, the Science Based Targets initiative (SBTi), the Taiwan Climate Partnership, and the CommonWealth Magazine Sustainability Council in 2022. We commit ourselves to the comprehensive use of renewable energy by 2040, and intend to reach the goal of net zero by 2050, in the hope of keeping up with international trends and realizing the goal of sustainable operation.

* Qisda has paid attention to material issues and participated in associations and organizations to influence public policies. However, we maintain political neutrality and do not contribute to political activities. In the past four years (2019–2022), the Company had not made any political contributions, and had no expenses related to national elections or referendums.

Corporate M&A and industrial development

With an operational scope covering the ICT industry, medical business, smart solutions and other businesses, Qisda has actively transformed and grown through investments, mergers and acquisitions. The industrial development related associations that we joined in 2022 include:

Association		
Taiwan Mergers & Acquisitions and Private Equity Council (MAPECT)	●	●
Taiwan Electrical and Electronic Manufacturers' Association	●	
Taipei Computer Association	●	
Institute for Biotechnology and Medicine Industry	●	●
Taiwan Medical and Biotech Industry Association	●	●
Taiwan Automation Intelligence and Robotics Association	●	●
Information Management Association	●	
Digital Solutions Multimedia Asia (DSMA)	●	●
Association of Service Industries, Taiwan	●	

Technological innovation

Qisda has obtained leading positions in the global display and projector industries. Thus, we participated in relevant associations to promote technological innovation and international standards, including:

Association		
VESA	●	
HDMI LA	●	
MHL	●	
HDBaseT Alliance	●	
GMDN Agency	●	
Taiwan Internet and E-Commerce Association	●	
TPSA	●	
Smart Display Industrial Alliance (SDIA)	●	

Corporate governance

Attaching importance to shareholder rights and transparent governance, Qisda joined the following corporate governance related associations:

Association		
Taiwan Association of TWSE/TPEX Listed Companies	●	●
Taiwan Industry Holding Association	●	
Institute of Internal Auditors, R.O.C	●	
Taiwan Stock Affairs Association	●	
Taiwan Independent Director Association	●	●

Environmental sustainability

Qisda has actively taken climate actions in the hope of leading the partners in the supply chain and of the Group to implement green operation. The environmental sustainability related associations that we joined include:

Association		
Taiwan Association of TWSE/TPEX Listed Companies	●	
Taiwan Industry Holding Association	●	●
Institute of Internal Auditors, R.O.C	●	
Taiwan Stock Affairs Association	●	
Taiwan Independent Director Association	●	

Others

Qisda has valued human capital, industrial design and other issues. Hence, we participated in relevant activities of or held a post as a director in the following groups and organizations:

Association		
Management Intelligence Sharing Association	●	
Artificial Intelligence Foundation		●
Taiwan Design Research Institute		●
Taiwan Renaissance Platform	●	

Risk Management

Since 2005, Qisda has framed risk management policies and established the Risk Management Committee (RMC) in accordance with the ISO 31000 Risk Management–Principles and Guidelines. With importance placed on the systematic operation of risk management, the vision and policies for risk management are established, the management goals and performance indicators are set for constant follow-up, and the risks that are likely to have negative influence on our operating goals are regularly identified, assessed, handled, reported and monitored every year. By these measures, we effectively control the risks that exceed the Company's risk tolerance. Meanwhile, management tools are utilized to ensure the optimization of total risk management cost.

Vision for Risk Management

- The Company is committed to the continuous provision of products and services to create long-term values for the customers, shareholders, employees and society.
- In terms of risk management, a systematic organization and risk management procedures are required to timely and effectively identify, assess, handle, report and monitor the significant risks that can impact our business survivability, and raise the employees' awareness of risks.
- Instead of having "zero" risks, the aim of risk management is the optimization of risk management cost by achieving the greatest profit under the acceptable risks.

⟩ Corporate Risk Management

Risk Management Policies and Governance Structure

In 2020, Qisda established the risk management policies and procedures upon the Board of Directors' approval as the Company's highest guidelines for risk management. The Board of Directors, serving as the top decision-making unit for the Company's risk management, plays a role in ensuring the consistency between the directions of our operational strategies and the risk management policies, and overseeing and making sure of the effective operation of the overall risk management mechanism. We have three independent directors with respective specialties of financial and governance risk management, IT risk management

and information security risk management. The Audit Committee assists the Board of Directors in risk governance; it reviews the policies, procedures and implementation of risk management to keep track of the effectiveness of risk management, checks the risk appetite, ensures that the risk management mechanism and resource allocation are helpful for the comprehensive response to the risks we face, and reports to the Board on the implementation of risk management on a regular basis.

▯ Management Structure of Risk Governance

Board of Directors → Functional Committee (Audit Committee) → Risk Management Promotion Unit (Risk Control Officer) / Risk Management Committee (RM Team) / Audit Unit (Audit Officer) → Operating Unit
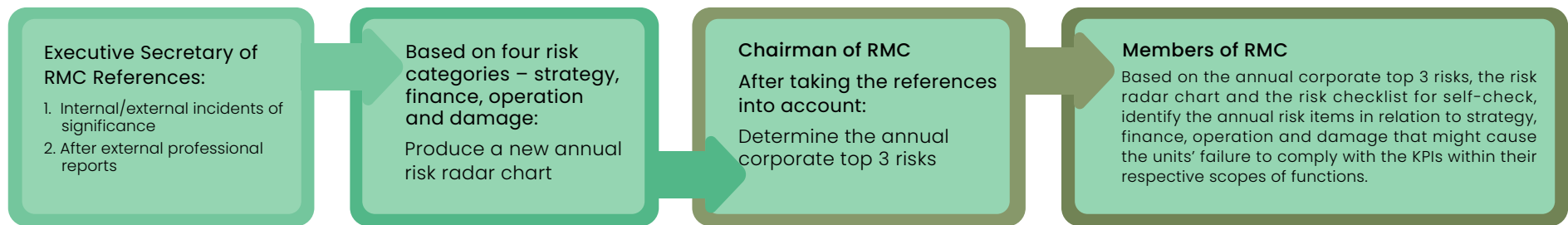
Risk Management Structure and Procedures

In June 2005, Qisda established the cross-functional Risk Management Committee (RMC) to pursue the Company's goal of sustainable development and operation through the continuous risk management based on four categories: strategy, finance, operation and damage. With the President serving as the committee chair, the Sustainability Risk Control

Officer serving as the vice chairman, and the top-level executives of different units acting as the committee members, it discusses and determines the risk management strategies, decides on the risk appetite (risk tolerance), and sets annual targets and risk performance indicators of Qisda, incorporating the risk management mechanism into the routine operations.
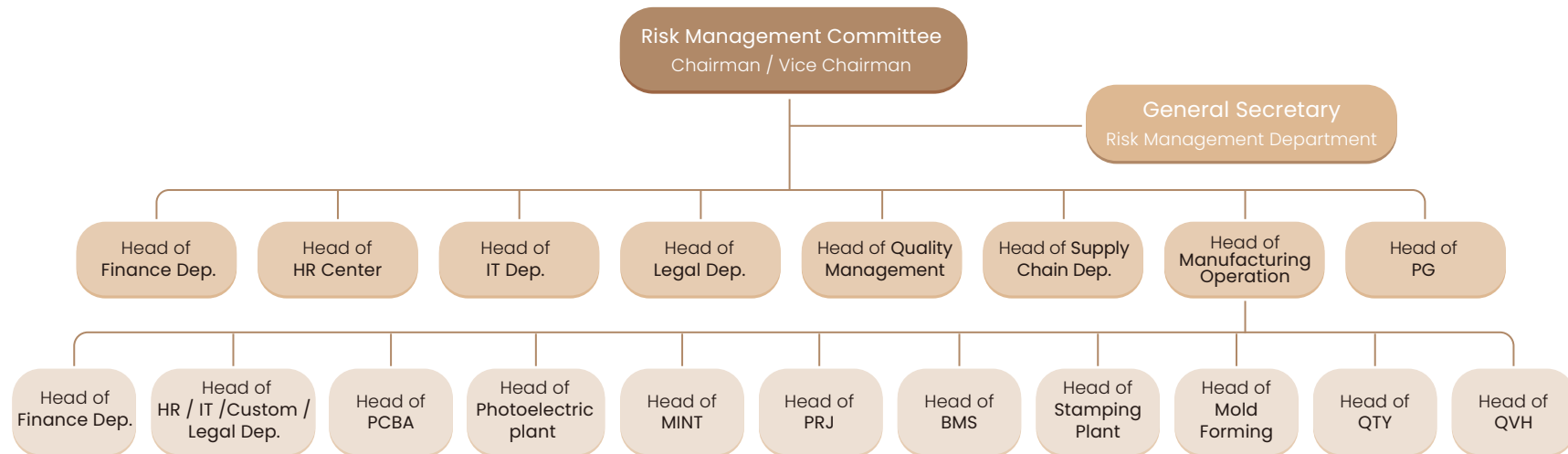
In addition, the Sustainability Risk Management Office is appointed to be the executive secretary of risk management to identify the potential risks based on the internal and external matters, prepare risk radar charts, arrange risk management meetings, conduct quarterly follow-ups to the risk targets, stay on top of the implementation of improvement plans, and play a role as a coordinator in the interdepartmental communication. The operation of the Risk Management Committee is supervised by the Audit Committee/Board of Directors; a report on the implementation of risk management is submitted to the Audit Committee/Board of Directors every year.

Process of potential risk identification:

Executive Secretary of RMC References:
1. Internal/external incidents of significance
2. After external professional reports

Based on four risk categories – strategy, finance, operation and damage:
Produce a new annual risk radar chart

Chairman of RMC
After taking the references into account:
Determine the annual corporate top 3 risks

Members of RMC
Based on the annual corporate top 3 risks, the risk radar chart and the risk checklist for self-check, identify the annual risk items in relation to strategy, finance, operation and damage that might cause the units' failure to comply with the KPIs within their respective scopes of functions.

Organization of the Risk Management Committee

Risk Management Committee
Chairman / Vice Chairman

General Secretary
Risk Management Department

Head of Finance Dep. | Head of HR Center | Head of IT Dep. | Head of Legal Dep. | Head of **Quality** Management | Head of **Supply** Chain Dep. | Head of Manufacturing Operation | Head of PG

Head of Finance Dep. | Head of HR / IT /Custom / Legal Dep. | Head of PCBA | Head of Photoelectric plant | Head of MINT | Head of PRJ | Head of BMS | Head of Stamping Plant | Head of Mold Forming | Head of QTY | Head of QVH

The Risk Management Committee meets quarterly; temporary meetings may be held if there are any important matters. The Chairman of RMC determines the annual significant risks at corporate level, while the committee members identify the risks within their respective units and develop corresponding strategies, set key risk indicators (KRIs) that can be quantified, conduct follow-ups on a quarterly basis for management, regularly review the risk exposure to look into the effectiveness of risk management for improvement, so that the organization

goals can be achieved. Also, the committee reviews the significant issues, legal changes, abnormal incidents, etc., domestic and abroad in the meetings to propose effective countermeasures. In 2022, a total of 52 Risk Management Committee meetings were held, including 4 regular meetings and 48 temporary meetings (the overseas operational sites held their meetings separately).

Risk management structure
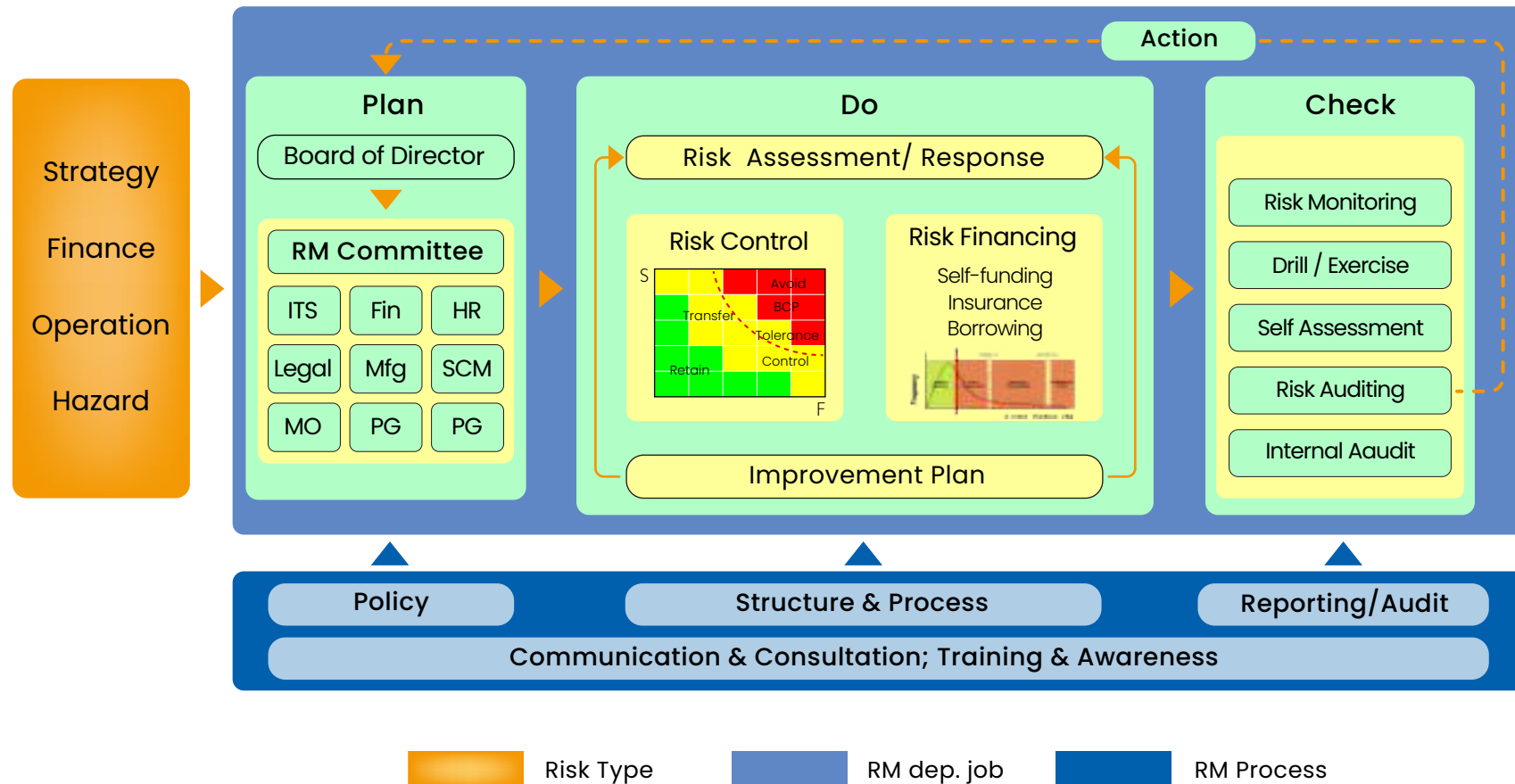
☐ **Risk Management Structure and Procedures**

Risk Category	Focus	Sensitivity Analysis	Stress Testing	Countermeasures
Non-financial Aspect	Risk of operational disruption due to COVID-19	Percentage of infected employees	90% of Qisda's production capacity relies on the plants in China. In the light of the local government's Zero-COVID policy, the RMC met on a weekly basis to keep track of the status of infection so that our production capacity would not be impacted.	If the percentage of infected employees every week exceeded 30%, the production and shipment might fail to go normally.	Procurement of sufficient pandemic prevention supplies; active rapid self-tests to slow the spread of COVID-19; implementation of various pandemic prevention measures; weekly pandemic prevention meetings and quarterly RMC reviews. 1. No visits to other sites or floors for conversation allowed (using telephone/video conferences instead) 2. Shift adjustments/shift work pattern/WFH *7 days fully implemented (by site) 3. Staggered people flow for internal control 4. Provision of meal boxes in place of the food in the cafeteria 5. Reception service closed 6. WFH arrangement for non-production units

Financial Aspect	Risk of the Company's utilization of funds	Risk of increase in the financial debt ratio (syndicated loans)	A financial debt ratio (syndicated loans) > 100% implied a breach of syndicated loan agreement that could lead to cross default and cause the long-term and short-term banking facilities to be frozen and repaid.	An increase by 7Y in financial liabilities could result in an increase by 1% in the financial debt ratio (syndicated loans)	1. Disposal of non-core long-term investments or idle assets
					    1 Long-term investments reviewed to speed up the disposal of non-core shareholdings
					    Fixed assets reviewed to speed up the disposal of idle assets
					2 .Annual KRIs for the RMC developed, with the RMC review conducted quarterly

Qisda has set the following risk categories based on the levels and types of emergency reporting, and developed different management and reporting mechanisms with reference to the level of severity (sensitivity) of non-financial and financial impacts. The analysis of high, moderate and low sensitivity in relation to the risk types is provided below. To keep up with the ever-changing environment and international trends, the review is made once every two years to ensure that the regulations regarding emergencies are suitable to the current status. In addition to the regular education and promotion of risk culture for all employees each year, we have the secretaries of different units apply the emergency reporting rules at all times based on the RMC organizational structure. In 2022, in the face of the Russo-Ukrainian War, COVID-19 lockdowns, natural disasters in different countries and other emergencies, all relevant units were required to investigate whether the operations would be impacted, and report timely according to the emergency reporting standards (financial amount). Moreover, with regard to the major statutory infectious diseases, the Group has, in line with the

governmental zero-COVID policy, introduced strict pandemic control measures, and held weekly meetings to report on the impacts on operations based on the financial aspect (whether the suppliers are not able to provide materials and thus impact the manufacturing, or whether the products can't be delivered to customers due to the lockdowns) and non-financial aspect (percentage of infected personnel and pandemic prevention measures of the Group) for unceasing monitoring.

In terms of the other on-site emergencies, such as abnormalities of production equipment or occupational injuries, or the port strikes in the West Coast of the US and Germany, all the relevant units have immediately checked the situations, reported on the hazards to employees' health and asset loss caused by human errors through the emergency reporting procedures, and taken consequent loss reduction measures to minimize the damage and loss of the Company's employees and finance.

Risk Category	Sensitivity Analysis	Financial/ Non-financial
Hazards to employees' health	High	Non-financial
Impact of human error accidents on the operations	High	Financial
Impact of natural accidents on the operations	Moderate	Financial
Impact of system/information security matters on the operations	Moderate	Financial
Asset loss caused by human errors	High	Financial
Asset loss caused by natural disasters	Moderate	Financial
Non-compliance or frauds	High	Financial
Lawsuits	Low	Financial
Environmental hazards	High	Non-financial
Major statutory infectious diseases	High	Non-financial
Corporate image	High	Non-financial

Risk Identification Results

In 2022, Qisda's Risk Management Committee identified 33 key risks with the risk radar chart and the risk checklist, and set key risk indicators that could be quantified. The categories include:

1. **Financial category:** The risk of increase in the financial debt ratio (syndicated loans) must be < 90%;

2. **Managerial category:** When the PG operation is suspended due to the COVID-19 infections, the infection rate in the Company during the time (in a single week) shall not be >30%; etc.

Besides the major global risk of COVID-19 pandemic, the risks of geopolitics, rising inflation, USD appreciation and climate anomaly-related disasters have led to the declining demand, increasing inventory, pressure of supply chain transfer, and higher operational complexity, having enormous impact on the corporate operation. The relevant units have provided the targets of control and response instructions to reduce the operational impacts with no efforts spared.

Owing to the impact of sluggish global demand for electronic products, the KRI preparation rate in 2022 was 86.5%. For the items that didn't match the KRIs, the RMC will keep on controlling them in 2023, and enhance the response programs to reduce the impact on the Company's operation.

Qisda's 2022 Risk Radar Chart for Risk Identification
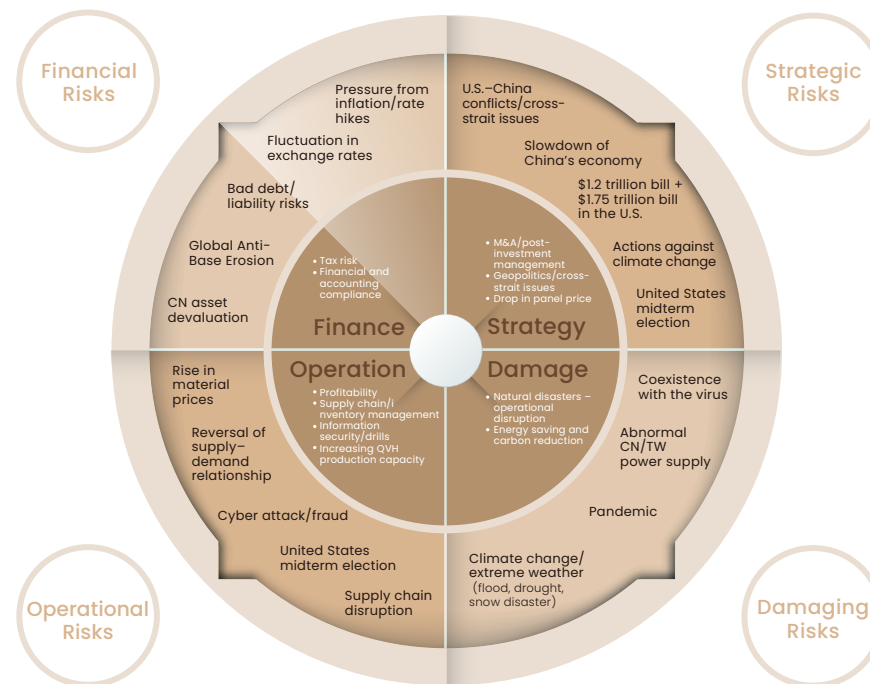
Risk Management and Internal Control/Audit

Qisda has an independent internal audit unit, namely the Audit Office, subordinate to the Board of Directors. The unit acts in compliance with the internal control system, and has, based on the said system, developed the Rules for Implementation of the Internal Audit according to which it implements the current control system and procedures, and measures the effectiveness thereof and the compliance therewith. It presents the reports to the Audit Committee and the Board of Directors not only in the routine meetings, but also in each month or whenever necessary.

For the procedures of the daily operating activities, the Company has devised appropriate an internal control mechanism for the operations that might have potential risks related to corruption, legal compliance and business. The Risk Management Committee identifies

Internal Audit Process
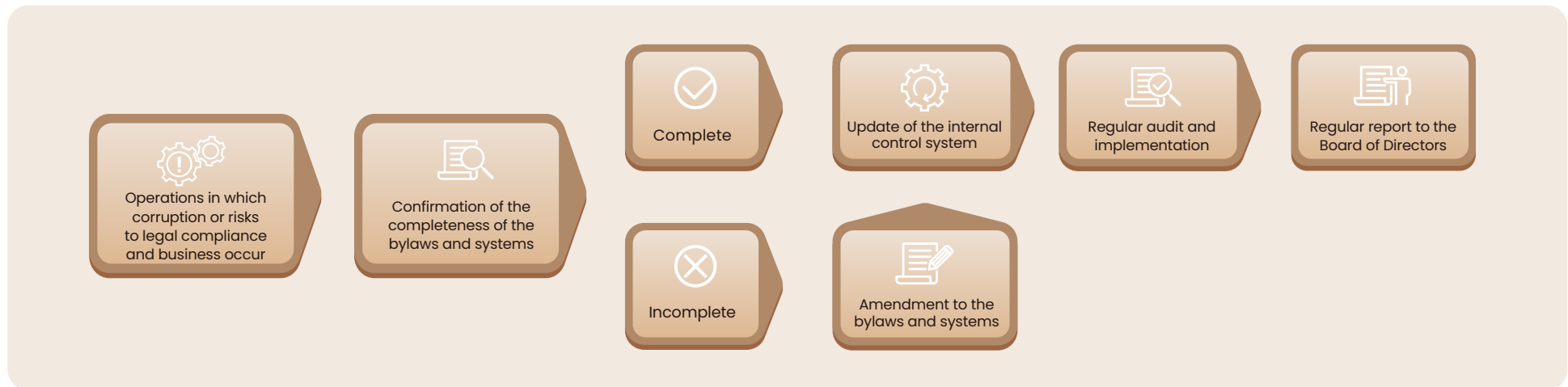
the risks of corruption, the HR unit arranges related training, and the audit unit makes sure of the adoption and establishment of relevant mechanisms, in order to reduce and prevent corruption or any potential risks to legal compliance and business operation. The audit unit periodically evaluates the management effectiveness of the internal control mechanism, collects the suggestions on the potential risks (including fraud and corruption) from high-level executives of different departments, formulates appropriate audit plans and performs relevant audits accordingly. The unit also reports the audit results to the Audit Committee and the Board of Directors every year so that the management can keep track of the current status of corporate governance and reach the goal of management. Also, we carry out 100% internal control risk assessments and audits for the three operational sites in Taiwan, Suzhou (China), and Vietnam on a regular basis. The focuses of the assessments and audits include three major issues: financial reporting, procurement operations and sales operations. There were no major corruption risks and incidents found. In 2022, inspections were constantly enhanced pursuant to relevant laws and regulations to implement legal compliance.

❭ Business Continuity Management System (BCMS)

For Qisda's risk management, the three pillars – identification and prevention before the

accident, loss control and reduction during the accident, and recovery and transfer after the accident – are applied as the fundamental core of the corporate risk management structure and business continuity management system. The Risk Management Committee defines the significant risks, simulates the risk scenarios, and assesses the impacts on the organization's operations. Business continuity plans (BCP) are developed based on the risk scenarios, and the updates of risk scenarios and drills are continually carried out to ensure that the organization can keep working despite any operational impact. By this way, it is ensured that the impact can be mitigated and the operations can be back to normal as soon as possible when the risks occur.

Moreover, the operational scope of the Company's business continuity management system (BCMS) covers the entire Qisda Group, including more than 170 companies thereunder. We have accordingly set up the joint defense mechanism centering on Qisda, integrating the loss prevention resources of the Group and enhancing the Group's emergency response capabilities through the discussions on projects at regular meetings, information integration and sharing of practical experience, in order to reach the target of risk control. In 2022, the Qisda Group convened 10 regular meetings in total, introducing the emergency responses, business continuity plans, CSR/ESG, and education on risk management culture for all employees into the companies under the Group through the platform. Via educational

training and practical drills, the Group and the companies have developed rapid crisis response and handling capabilities. The mechanism of sharing resources, information and experience has enabled the Group and the companies to have great prevention and management before the risk events happen as well, reducing the occurrence rate of accidents from the very beginning.

⬚ **Structure of Qisda corporate risk management and BCMS**

Implementation Results of Business Continuity Management Plan

Since 2004, Qisda has successively updated and developed business continuity plans (BCPs) for different scenarios based on the international trends, legal requirements, internal changes in and adjustments to the Company's product lines, and topics that the customers are concerned over, with a view to coping with urgent and material risk events. To boost the employees' familiarity with how to carry out the plans, BCP drills are performed on a periodic basis. The scenario planning and repeated practice of countermeasures under a variety of simulated scenarios help enhance the employees' awareness of risks and response capabilities. This way, the Company can rapidly implement the plans when any risk event occurs, achieving the target of bringing the operations back to normal immediately. All the BCPs are described in the "Crisis Management Manual" as the major guidelines of the Company when incidents of significant impact occur.

Since the CECC lowered the epidemic alert level from Level 3 to Level 2 in July 2021, Taiwan has progressively entered the phase of coexisting with the virus. However, in the light of the lockdown in Shanghai from the beginning of 2022 and the pandemic peak in Taiwan from April, the Company has constantly convened the RMC pandemic prevention meetings to

follow the policies of the CECC and adjust the Company's response instructions in a timely and active manner. With an eye to preventing the spread of pandemic that could impact our operations, our employees, except for those of the production lines and R&D, have adopted the WFH pattern since April 2022, with their rapid self-test results reported every week. We have encouraged the replacement of physical meetings with online ones, reduced the direct contact among employees with partitions in meeting rooms and cafeteria, required the incoming suppliers and visitors to take rapid tests, etc., to keep the weekly percentage of infected and isolated employees below 5%. In May 2022, we managed to have a hotel become our own quarantine hotel through the integration of the Group resources and the collaboration with relevant government units, meeting the needs of our employees (including migrant workers) for isolation of confirmed cases to lower the risk of pandemic so that our operations would not be impacted too hard. During the period, the medical business of the Group not only leveraged the strength of the alliance to provide the Group's companies with sufficient pandemic prevention supplies, but also expanded the market share actively, showing significant operational growth superior to other product types and the highest profitability and revenue growth rate.

Risk Culture

To secure Qisda's corporate culture of risk management, the Company has incorporated various risk management indicators into the daily management performance. For example, in order to enhance the senior management and the general managers' awareness of risk management, we require the critical risk management factors to be included in their KPIs for measurement, and the relevant performance bonus will be distributed with reference to the achievement status of KPIs. As for the general employees, the risk items are also covered in the behavioral indicator evaluation of performance target management, and all the employees are subject to performance evaluation once every six months.

Further, we provide risk-related education and training regularly. In 2022, online and on-site education and training on the culture of risk management were delivered to all the employees. The vision and procedures of the Company's risk management were disseminated, and the content focused on the three main phases – "prevention and detection before the matter," "impact reduction during the matter," and "claim and recovery after the matter" – to improve the employees' understanding of risk management. There were 6,924 employees in the Company, and their online training hours totaled 6,924 hours; the coverage rate was 100%. For other high-risk items, we also arranged relevant training sessions or drills to heighten the employees' awareness of risks; the training topics included, among others, the BCP drills for

fire and earthquake, information security risks, employee integrity risks (e.g. insider trading, corruption risks), GDPR risks, occupational health and safety (earthquake and fire safety), and safety at work.

Whenever the employees find any identifiable, existing or potential risks during the life in the Company, they may make immediate or early reports through the President mailbox, 2885 platform, secretary of their unit, employee representatives, HR contact person, gate guard, risk management unit, etc., to avoid and prevent any accidents and disasters. If they have any problems with their work, they can also check the contact information of all responsible units announced by the Company, report and handle the problems right away via multiple channels such as phone calls/MVPN, email and communication software (Skype/Teams/Line/WeChat/Messenger), and follow up the matter until the case is closed. With such procedures, the problems can be solved and the risks can be minimized. Meanwhile, labor–management meetings in which the Company engages in face-to-face

conversation with the employee representatives are held periodically to know and response to the needs of the employees.

Qisda's products are subject to the risk management assessment during the process of design, which will be recorded in the documents of design. The engineers also have to measure the risk impact in relation to each requirement for engineering change, if any. In the future, we will continue to enhance the employees' awareness and culture of risks through a diversity of innovative methods.

❯ Long-term Emerging Risks

Qisda's Risk Management Committee has identified the long-term material risks in Q4 2022, among which the emerging risks with regard to EU's cancellation of exemption for energy-consuming 8K TVs and the falling demand in response to the market trends

Risk Category	Risk Item	Description of Risk	Impact on the Operations	Countermeasures
Strategic risk	Legal requirements on the power consumption of products	— According to the updated requirements of the EU in March 2023, high-end TVs no longer enjoy an exemption, and the overall maximum level for power consumption has become lower. All the 8K TVs will be leaving the Europe market; TVs above the level of 4K, if not aligned with the standards, are not allowed to be sold in the EU market either. — After the new energy efficiency regulations are put into effect in the next year, Samsung, LG and Sony will probably have a falling market share for their high-end TVs, or even face the prohibition of all their sales for the worst condition, which will impact the important export channel significantly and further endanger the operation of panel manufacturers such as AUO and Innolux. — With the global emphasis on ESG, it is expected that the monitoring and control by customers and regulations of different countries over high power-consuming products will become increasingly strict.	— The product might fail to satisfy the international regulations of low power consumption mark and the customers' requirements, which will definitely impact the sales orders and the stakeholders' impression of us.	— Pay active attention to relevant energy regulations in different countries, carry out transformation and improvement of products and technologies, and increase products with energy saving marks year by year. Include the regular reviews of the legal compliance with other countries' regulations in the RMC_KRIs. — Make the safety unit provide education, training and information exchange conferences on a periodic basis. — Have the relevant units constantly follow the status of related risks and response in a timely manner.
Operational risk	Operational risk to the Vietnam Plant	— In recent years, major enterprises have gradually transferred their premises due to the political and economic conditions around the world, and Vietnam, the Southeast Asia and India have thus become the battlegrounds. As the quantity of plants and the speed of scale expansion of other companies in the electronics industry have notably increased in Vietnam, there will be challenges in terms of the sophistication of management system and the level of local manufacturing. If Qisda's third production site, Vietnam Plant, intends to increase the models and numbers of production machines in response to the pressure from the customers and the market demands, whether our Vietnam Plant have qualified talents and how to respond to the Vietnam government's adjustments to regulations regarding the new industries will be the problems to take into account.	— **Labor shortage:** A lack of talents in the electronics manufacturing industry will impact the steadiness of production quality and the expansion of the Company's operation. — **Regulations:** New regulations might	— **Labor shortage:** Provide the employees with education and training to develop talents that can alternately support the personnel of different plants. — **Regulations:** Keep track of relevant governmental regulations on a regular basis, make active adjustments whenever necessary, and coordinate the production capacity based on the strengths of our plants in China, Taiwan and Vietnam without affecting the operation and shipment of the Company.

Sustainability

GRI Standards Index

General Disclosures 2021

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
The organization and its reporting practices	2-1 Organizational details	2-1-a	report its legal name	Introduction to Qisda	08		●
		2-1-b	report its nature of ownership and legal form	Introduction to Qisda	08		●
		2-1-c	report the location of its headquarters	About the Report	04		●
		2-1-d	report its countries of operation	Introduction to Qisda	08		●
	2-2 Entities included in the organization's sustainability reporting	2-2-a	list all its entities included in its sustainability reporting	Introduction to Qisda	08		●
		2-2-b	if the organization has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting.	There are no differences.			●
		2-2-c	if the organization consists of multiple entities, explain the approach used for consolidating the information, including: i. whether the approach involves adjustments to information for minority interests; ii.how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities; iii. whether and how the approach differs across the disclosures in this Standard and across material topics.	N/A			●
	2-3 Reporting period, frequency and contact point	2-3-a	specify the reporting period for, and the frequency of, its sustainability reporting	About the Report	04		●
		2-3-b	specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this	The period of the sustainability aligns with the financial reporting.			●
		2-3-c	report the publication date of the report or reported information	About the Report	04		●
		2-3-d	specify the contact point for questions about the report or reported information	About the Report	04		●
	2-4 Restatements of information	2-4-a	report restatements of information made from previous reporting periods and explain: i. the reasons for the restatements; ii. the effect of the restatements.	There are no restatements of information.			●

– Statement of use: Qisda published the 2022 Sustainability Report in accordance with the GRI Standards, disclosing the information between January 1, 2022 to December 31, 2022.
 GRI 1 version: Foundation 2021
 GRI Sector Standards: None

General Disclosures 2021

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
The organization and its reporting practices	2-5 External assurance	2-5-a	describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved;	About the Report	04		●
		2-5-b	if the organization's sustainability reporting has been externally assured: i.provide a link or reference to the external assurance report(s) or assurance statement(s); ii.describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; iii. describe the relationship between the organization and the assurance provider	About the Report	04		●
Activities and workers	2-6 Activities, value chain and other business relationships	2-6-a	report the sector(s) in which it is active;	Introduction to Qisda	08		●
		2-6-b	describe its value chain, including: i. the organization's activities, products, services, and markets served; ii. the organization's supply chain; iii. the entities downstream from the organization and their activities;	Introduction to Qisda	08		●
		2-6-c	report other relevant business relationships;	Introduction to Qisda	08		●
		2-6-d	describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting period	Introduction to Qisda	08		●
	2-7 Employees	2-7-a	report the total number of employees, and a breakdown of this total by gender and by region	Diversity and Inclusion	96		●
		2-7-b	report the total number of: i. permanent employees, and a breakdown by gender and by region; ii. temporary employees, and a breakdown by gender and by region; iii. non-guaranteed hours employees, and a breakdown by gender and by region; iv. full-time employees, and a breakdown by gender and by region; v. part-time employees, and a breakdown by gender and by region.	Diversity and Inclusion	96		●
		2-7-c	describe the methodologies and assumptions used to compile the data, including whether the numbers are reported: i. in head count, full-time equivalent (FTE), or using another methodology;ii. at the end of the reporting period, as an average across the reporting period, or using another methodology.	Diversity and Inclusion	96		●

General Disclosures 2021

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Activities and workers	2-7 Employees	2-7-d	report contextual information necessary to understand the data reported under 2-7-a and 2-7-b.	Diversity and Inclusion	96		●
		2-7-e	describe significant fluctuations in the number of employees during the reporting period and between reporting periods	Diversity and Inclusion	96		●
	2-8 Workers who are not employees	2-8-a	report the total number of workers who are not employees and whose work is controlled by the organization and describe: i.the most common types of worker and their contractual relationship with the organization; ii. the type of work they perform	Diversity and Inclusion	96		●
		2-8-b	describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported: i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology	Diversity and Inclusion	96		●
		2-8-c	describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods	Diversity and Inclusion	96		●
Governance	2-9 Governance structure and composition	2-9-a	describe its governance structure, including committees of the highest governance body	Organization and Operation of Corporate Governance	149		●
		2-9-b	list the committees of the highest governance body that are responsible for decisionmaking on and overseeing the management of the organization's impacts on the economy, environment, and people	Organization and Operation of Corporate Governance	149		●
		2-9-c	describe the composition of the highest governance body and its committees by: i. executive and non-executive members; ii. independence; iii. tenure of members on the governance body;iv. number of other significant positions and commitments held by each member, and the nature of the commitments; v. gender; vi. under-represented social groups; vii. competencies relevant to the impacts of the organization; viii. stakeholder representation	Organization and Operation of Corporate Governance	149		●

General Disclosures 2021

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Governance	2-10 Nomination and selection of the highest governance body	2-10-a	describe the nomination and selection processes for the highest governance body and its committees;	Organization and Operation of Corporate Governance	149		●
		2-10-b	describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration: i. views of stakeholders (including shareholders); ii. diversity; iii. independence; iv. competencies relevant to the impacts of the organization	The Board members do not belong to under-represented social groups.			●
	22-11 Chair of the highest governance body	2-11-a	report whether the chair of the highest governance body is also a senior executive in the organization	Organization and Operation of Corporate Governance	149		●
		2-11-b	if the chair is also a senior executive, explain their function within the organization's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated.	Organization and Operation of Corporate Governance	149		●
	2-12 Role of the highest governance body in overseeing the management of impacts	2-12-a	describe the role of the highest governance body and of senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development.	Organization and Operation of Corporate Governance	149		●
		2-12-b	describe the role of the highest governance body in overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people, including: i. whether and how the highest governance body engages with stakeholders to support these processes; ii. how the highest governance body considers the outcomes of these processes.	Organization and Operation of Corporate Governance	149		●
		2-12-c	describe the role of the highest governance body in reviewing the effectiveness of the organization's processes as described in 2-12-b, and report the frequency of this review	Organization and Operation of Corporate Governance	149		●
	2-13 Delegation of responsibility for managing impacts	2-13-a	describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including: i.whether it has appointed any senior executives with responsibility for the management of impacts; ii. whether it has delegated responsibility for the management of impacts to other employees;	Organization and Operation of Corporate Governance	149		●

General Disclosures 2021

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Governance	2-13 Delegation of responsibility for managing impacts	2-13-b	describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organization's impacts on the economy, environment, and people。	Organization and Operation of Corporate Governance	149		●
	2-14 Role of the highest governance body in sustainability reporting	2-14-a	report whether the highest governance body is responsible for reviewing and approving the reported information, including the organization's material topics, and if so, describe the process for reviewing and approving the information	Organization and Operation of Corporate Governance	149		●
		2-14-b	if the highest governance body is not responsible for reviewing and approving the reported information, including the organization's material topics, explain the reason for this.	N/A			●
	2-15 Conflicts of interest	2-15-a	describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated.	Report and Suggestion Communication Mechanism	04		●
		2-15-b	report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to: i. cross-board membership; ii. cross-shareholding with suppliers and other stakeholders; iii. existence of controlling shareholders; iv. related parties, their relationships, transactions, and outstanding balances	Organization and Operation of Corporate Governance	149		●
	2-16 Communication of critical concerns	2-16-a	describe whether and how critical concerns are communicated to the highest governance body;	Organization and Operation of Corporate Governance	149		●
		2-16-b	report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period.	Organization and Operation of Corporate Governance	149		●
	2-17 Collective knowledgeof the highest governance body	2-17-a	report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	Organization and Operation of Corporate Governance	149		●
	2-18 Evaluation of the performance of the highest governance body	2-18-a	describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people;	Organization and Operation of Corporate Governance	149		●

General Disclosures 2021

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Governance	2-18 Evaluation of the performance of the highest governance body	2-18-b	report whether the evaluations are independent or not, and the frequency of the evaluations;	Currently not included			●
		2-18-c	describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organizational practices	Currently not included			●
	2-19 Remuneration policies	2-19-a	describe the remuneration policies for members of the highest governance body and senior executives, including: i. fixed pay and variable pay; ii. sign-on bonuses or recruitment incentive payments; iii. termination payments; iv. clawbacks; v. retirement benefits	Compensation System for the Directors and Managers	152		●
		2-19-b	describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people	Compensation System for the Directors and Managers	152		●
	2-20 Process to determine remuneration	2-20-a	describe the process for designing its remuneration policies and for determining remuneration, including: i.whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration;ii. how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration; iii. whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the organization, its highest governance body and senior executives;	Organization and Operation of Corporate Governance	149		●
		2-20-b	report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable	N/A			●
	2-21 Annual total compensation ratio	2-21-a	report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees(excluding the highest-paid individual)	Please refer to the remarks		QTY:7.9 QCS: 0.93	●
		2-21-b	report the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	Please refer to the remarks		QTY:20.8 QCS: 9.9	●

General Disclosures 2021

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Governance	2-21 Annual total compensation ratio	2-21-c	report contextual information necessary to understand the data and how the data has been compiled.	Please refer to the remarks		GRI 2-21 The annual total compensation ratio can be calculated using the following formula	●
	2-22 Statement on sustainable development strategy	2-22-a	report a statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development to the organization and its strategy for contributing to sustainable development.	Our Sustainability Vision	21	The Company has not endorsed any collective bargaining agreement with the employees.	●
Strategy, policies and practices	2-23 Policy commitments	2-23-a	describe its policy commitments for responsible business conduct, including: i. the authoritative intergovernmental instruments that the commitments reference; ii. whether the commitments stipulate conducting due diligence; iii. whether the commitments stipulate applying the precautionary principle; iv. whether the commitments stipulate respecting human rights.	Protection of Human Rights	112		●
		2-23-b	describe its specific policy commitment to respect human rights, including: i. the internationally recognized human rights that the commitment covers; ii.the categories of stakeholders, including at-risk or vulnerable groups, that the organization gives particular attention to in the commitment;	Protection of Human Rights	112		●
		2-23-c	provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this	Protection of Human Rights	112		●
		2-23-d	report the level at which each of the policy commitments was approved within the organization, including whether this is the most senior level.	Protection of Human Rights	112		●
		2-23-e	report the extent to which the policy commitments apply to the organization's activities and to its business relationships	Protection of Human Rights	112		●
		2-23-f	describe how the policy commitments are communicated to workers, business partners, and other relevant parties	Protection of Human Rights	112		●

General Disclosures 2021

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Strategy, policies and practices	2-24 Embedding policy commitments	2-24-a	describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: i. how it allocates responsibility to implement the commitments across different levels within the organization; ii.how it integrates the commitments into organizational strategies, operational policies, and operational procedures; iii. how it implements its commitments with and through its business relationships; iv. training that the organization provides on implementing the commitments	Qisda and the Stakeholders	25		●
	2-25 Processes to remediate negative impacts	2-25-a	describe its commitments to provide for or cooperate in the remediation of negative impacts that the organization identifies it has caused or contributed to.	Qisda and the Stakeholders	25		●
		2-25-b	describe its approach to identify and address grievances, including the grievance mechanisms that the organization has established or participates in;	Qisda Human Rights Policy	112		●
		2-25-c	describe other processes by which the organization provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to	Human Rights Management Measures	115		●
		2-25-d	describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms	Human Rights Management Measures	115		●
		2-25-e	describe how the organization tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback	Human Rights Management Measures	115		●
	2-26 Mechanisms for seeking advice and raising concerns	2-26-a	describe the mechanisms for individuals to: i. seek advice on implementing the organization's policies and practices for responsible business conduct; ii. raise concerns about the organization's business conduct.	Code of Conduct	153		●
	2-27 Compliance with laws and regulations	2-27-a	report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by: i. instances for which fines were incurred; ii. instances for which non-monetary sanctions were incurred.	Legal Compliance	155		●

General Disclosures 2021

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Strategy, policies and practices	2-27 Compliance with laws and regulations	2-27-b	report the total number and the monetary value of fines for instances of noncompliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by: i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period;ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods.	Legal Compliance	155		●
		2-27-c	describe the significant instances of non-compliance.	Legal Compliance	155		●
		2-27-d	describe how it has determined significant instances of non-compliance.	Legal Compliance	155		●
	2-28 Membership associations	2-28-a	report industry associations, other membership associations, and national or international advocacy organizations in which it participates in a significant role	Participation in Policies	161		●
Stakeholder engagement	2-29 Approach to stakeholder engagement	2-29-a	describe its approach to engaging with stakeholders, including: i. the categories of stakeholders it engages with, and how they are identified; ii. the purpose of the stakeholder engagement; iii. how the organization seeks to ensure meaningful engagement with stakeholders	Qisda and the Stakeholders	25		●
	2-30 Collective bargaining agreements	2-30-a	report the percentage of total employees covered by collective bargaining agreements.	Internal Communication Channels	116	No employee participates in any labor union in Taiwan, so only statistics in Suzhou and Vietnam have been made.	●
		2-30-b	for employees not covered by collective bargaining agreements, report whether the organization determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organizations.	Internal Communication Channels	116	There is no labor union formed in	●

Material Topics

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	201-2-a	Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	Climate Adaptation and Mitigation	72		●
Energy 2016	302-1 Energy consumption within the organizatio	302-1-a	Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.	Energy Consumption and Saving	85		●
		302-1-b	Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used	Energy Consumption and Saving	85		●
		302-1-c	In joules, watt-hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption	Energy Consumption and Saving	85		●
		302-1-d	In joules, watt-hours or multiples, the total: i. electricity sold ii. heating sold iii. cooling sold iv. steam sold	N/A			●
		302-1-e	Total energy consumption within the organization, in joules or multiples.	Energy Consumption and Saving	85		●
		302-1-f	Standards, methodologies, assumptions, and/or calculation tools used	Energy Consumption and Saving	85		●
		302-1-g	Source of the conversion factors used	Energy Consumption and Saving	85		●
		302-5-a	reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.	Green Product	43		●
		302-5-b	Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it	Green Product	43		●
		302-5-c	Standards, methodologies, assumptions, and/or calculation tools used	Green Product	43		●

Material Topics

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Waste 2020	306-1 Waste generation and significant waste-related impacts	306-1-a	For the organization's significant actual and potential waste-related impacts, a description of: the inputs, activities, and outputs that lead or could lead to these impacts; whether these impacts relate to waste generated in the organization's own activities or to waste generated upstream or downstream in its value chain.	Waste Cycle	91		●
	306-2 Management of significant wasterelated impacts	306-2-a	Actions, including circularity measures, taken to prevent waste generation in the organization's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.	Waste Cycle	91		●
		306-2-b	If the waste generated by the organization in its own activities is managed by a third party, a description of the processes used to determine whether the party manages the waste in line with contractual or legislative obligations	Waste Cycle	91		●
		306-2-c	The processes used to collect and monitor waste-related data	Waste Cycle	91		●
	306-3 Waste generated	306-3-a	Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.	Waste Cycle	91		●
		306-3-b	Contextual information necessary to understand the data and how the data has been compiled.	Waste Cycle	91		●
	306-4 Waste diverted from disposal	306-4-a	Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste	Waste Cycle	91		●
		306-4-b	Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations: i. Preparation for reuse; ii. Recycling; iii. Other recovery operations	Waste Cycle	91		●
		306-4-c	Total weight of non-hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations: i. Preparation for reuse; ii. Recycling; iii. Other recovery operations.	Waste Cycle	91		●
		306-4-d	For each recovery operation listed in Disclosures 306-4-b and 306-4-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste diverted from disposal: i. onsite; ii. offsite.	Waste Cycle	91		●
		306-4-e	Contextual information necessary to understand the data and how the data has been compiled	Waste Cycle	91		●

Material Topics

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Waste 2020	306-5 Waste directed to disposal	306-5-a	Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste.	Waste Cycle	91		●
		306-5-b	Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations: i. Incineration (with energy recovery); ii. Incineration (without energy recovery); iii. Landfilling; iv. Other disposal operations.	Waste Cycle	91		●
		306-5-c	Total weight of non-hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations: i. Incineration (with energy recovery); ii. Incineration (without energy recovery); iii. Landfilling; iv. Other disposal operations	Waste Cycle	91		●
		306-5-d	For each disposal operation listed in Disclosures 306-5-b and 306-5-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste directed to disposal: i. onsite; ii. offsite	Waste Cycle	91		●
		306-5-e	Contextual information necessary to understand the data and how the data has been compiled	Waste Cycle	91		●
Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	308-1-a	Percentage of new suppliers that were screened using environmental criteria	Sustainable Supply Chain Management	57		●
	308-2 Negative environmental impacts in the supply chain and actions taken	308-2-a	Number of suppliers assessed for environmental impacts	Sustainable Supply Chain Management	57		●
		308-2-b	Number of suppliers identified as having significant actual and potential negative environmental impacts.	Sustainable Supply Chain Management	57		●
		308-2-c	Significant actual and potential negative environmental impacts identified in the supply chain	Sustainable Supply Chain Management	57		●
		308-2-d	Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment	Sustainable Supply Chain Management	57		●
		308-2-e	Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why	Sustainable Supply Chain Management	57		●

Material Topics

Topic	Disclosure Item	GRI Disclosure	Description	Corresponding Chapter/ Explanation	Page	Remarks	External Assurance
Waste 2020	401-1 New employee hires and employee turnover	401-1-a	Total number and rate of new employee hires during the reporting period, by age group, gender and region	Recruitment	95		●
		401-1-b	Total number and rate of employee turnover during the reporting period, by age group, gender and region	Talent Retention	99		●
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	401-2-a	Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others	Talent Retention	99		●
		401-2-b	The definition used for 'significant locations of operation	Talent Retention	99		●
	404-1 Average hours of training per year per employee	404-1-a	Average hours of training that the organization's employees have undertaken during the reporting period, by: i. gender; ii. employee category.	Diverse Career Development	108		●
	404-2 Programs for upgrading employee skills and transition assistance programs	404-2-a	Type and scope of programs implemented and assistance provided to upgrade employee skills.	Diverse Career Development	108		●
		404-2-b	Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment	Talent Retention	108		●
	404-3 Percentage of employees receiving regular performance and career development reviews	404-3-a	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	Talent Retention	99		●

For corresponding management guidelines to GRI 3: Material Topics, please refer to the chapter "Qisda and the Stakeholders."

2022 – SASB Industry-Specific Metrics

Metric No.	Disclosure Metrics	Statistics	Relevant Chapter	Page No.	Remarks
Water Management					
TC-ES-140a.1	(1) Total water volume	**441,270** metric tons/year	Making Good Use of Water Resources	88	Mainly focused on the Suzhou Plant.
	(2) Total water consumed, percentage of each in regions with High or Extremely High baseline water stress	**81.88%**			
Waste Management					
TC-ES-150a.1	Total hazardous waste	Total amount: **877** metric tons	Waste Cycle	91	
	Recovery rate	Recovery rate: **90%**			
Labor Practices					
TC-ES-310a.1	(1) Number of work stoppages	**0**	Occupational Health and Safety	121	For all factories: No related accidents occurring in 2022.
	(2) Days of work stoppages	**0**			
Labor Status					
TC-ES-320a.1	Full-time and contracted employees' (1) Recordable injury rate	Full-time employees' injury rate: **0.11** Contracted employees' injury rate: **0**	Occupational Health and Safety	121	
	Full-time and contracted employees' (2) Near miss frequency rate	Full-time employees' near miss frequency rate: **0.04** Contracted employees' near miss frequency rate: **0**			

Metric No.	Disclosure Metrics	Statistics	Relevant Chapter	Page No.	Remarks
Labor Statu					
TC-ES-320a.2	(1) Percentage of entity's facilities audited in the RBA Validated Audit Process (VAP) equivalent by: (a) all facilities	83.33%	Sustainable Supply Chain Management	57	a. Facilities: **6** b. Facilities passing the RBA audit: **5** Percentage: **83.33%**
	(2) Percentage of entity's facilities audited in the RBA Validated Audit Process (VAP) equivalent by: (b) high-risk facilities	0%			High-risk facilities: None
	(3) Percentage of Tier 1 suppliers audited in the RBA Validated Audit Process (VAP) equivalent by: (a) all suppliers	3.09%			Tier 1 suppliers: **1,199** Suppliers passing the RBA audit equivalent: **37** Percentage: **3.09%**
	(4) Percentage of Tier 1 suppliers audited in the RBA Validated Audit Process (VAP) equivalent by: (b) high-risk suppliers	N/A			Currently no relevant statistic.
TC-ES-320a.3	(1) The entity's facilities' non-conformance rate with the RBA Validated Audit Process or equivalent	The entity's facilities' non-conformance rate with each audit dimension is shown in the table below (1).	Sustainable Supply Chain Management	57	Deficiencies of each audit dimension/ total deficiencies of facilities
	(a) The entity's facilities' improvement rate of prioritized deficiencies for the RBA Validated Audit Process or equivalent	0%			Prioritized deficiencies of facilities: None
	(b) The entity's facilities' improvement rate of other deficiencies for the RBA Validated Audit Process or equivalent	57.14%			Other deficiencies of facilities: Total items: **14** Improved items: **8** Improvement rate: **57.14%**
	(2) Tier 1 suppliers' non-conformance rate with the RBA Validated Audit Process or equivalent	Tier 1 suppliers' non-conformance rate with each audit dimension is shown in the table below (2).			Deficiencies of each audit dimension/ total deficiency of Tier 1 suppliers
	(a) Tier 1 suppliers' improvement rate of prioritized deficiencies for the RBA Validated Audit Process or equivalent	0%			Prioritized deficiencies of Tier 1 suppliers: None
	(b) Tier 1 suppliers' improvement rate of other deficiencies for the RBA Validated Audit Process or equivalent	92.3%			Other deficiencies of Tier 1 suppliers: Total items: **169** Improved items: **156** Improvement rate: **92.3%**

Metric No.	Disclosure Metrics	Statistics	Relevant Chapter	Page No.	Remarks
Product Lifecycle Management					
TC-ES-410a.1	Total recovered global waste products;metric tons (t), (%); percentage of the weight recovered in the weight of products sold	N/A			Qisda is an ODM manufacturer. The ownership of the products is transferred to the customer when they are shipped to the customer together with the package. Hence, the products cannot be recovered.
Materials Sourcing					
TC-ES-440a.1	Description of the management of risks associated with the use of critical materials		Conflict Mineral Management	66	

TC-ES-320a.3

(1) Deficiencies of each audit dimension/total deficiencies of facilities

	Labor	Health and safety	Environment	Ethics	Management system
Incompliance of prioritized deficiencies	0%	0%	0%	0%	0%
Incompliance of other deficiencies	42.9%	42.9%	0%	7.1%	7.1%

(2) Deficiencies of each audit dimension/total deficiency of Tier 1 suppliers

	Labor	Health and safety	Environment	Ethics	Management system
Incompliance of prioritized deficiencies	0%	0%	0%	0%	0%
Incompliance of other deficiencies	14.79%	76.33%	2.37%	1.18%	5.33%

TCFD Index

Core Elements	Description	Recommended Disclosures	The Company's Management	Corresponding Chapter in the 2022 Report	Page
Governance	Disclosure of the organization's governance around climate-related risks and opportunities	(a) The Board's oversight of climate-related risks and opportunities (b) Management's role in assessing and managing climate-related risks and opportunities	▬ The Board of Directors plays a role as an overseer of the Risk Management Committee's annual assessment of climate change risks and opportunities. ▬ The management makes plans for the response programs in relation to material risks (including climate change risks) based on the annual risk identification results, and reports to the Board of Directors on the outcomes of risk response on a yearly basis.	Climate Adaptation and Mitigation I. Governance	73
Strategy	Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	(a) The climate-related risks and opportunities the organization has identified over the short, medium, and long term (b) The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning (c) The resilience of the organization's strategy, taking into consideration different climate-related scenarios	▬ For the physical risks, the climate-related risks and opportunities over the short, medium, and long term have been identified through the simulation of the climate in 2050 under climate change based on three IPCC RCP scenarios. ▬ For the transformation risks, the carbon reduction targets for the short, medium, and long term have been set and the operational and financial impacts on the upstream and downstream have been disclosed in accordance with the simulation scenarios of NDCs. ▬ A risk matrix of the identified risks and opportunities has been prepared based on the level of impact and frequency. The potential risks and financial impacts in relation to the operations are listed in specific order, with the relevant units taking the adaptation and response actions.	Climate Adaptation and Mitigation II. Strategy	73
Risk Management	Disclosure of how the organization identifies, assesses, and manages climate-related risks	(a) The organization's processes for identifying and assessing climate-related risks (b) The organization's processes for managing climate-related risks (c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	▬ The organization uses internal and external information (external reports on risks and internal material issues) as reference to assess the risks based on the level of severity and likelihood, identify material risks, and develop risk reduction measures, making efforts to keep the residual risks below the risk appetite. ▬ Each year, the Risk Management Committee formulates response strategies according to the risk items of the year (climate risks have been part of the significant risks since 2017), and devises the business continuity plan (BCP) based on the common risks.	Climate Adaptation and Mitigation III. Risk Management	74
Metrics and Targets	Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	(a) The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process (b) Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks (c) The targets used by the organization to manage climate-related risks and opportunities and performance against targets	▬ Qisda has announced the goal to reach the target of RE100 by 2040 and the target of net zero emissions for carbon reduction by 2050. The suppliers are required to reduce carbon emissions by 20% by 2030 (baseline year: 2021). ▬ The targets for the short, medium, and long term regarding GHG inventory/renewable energy/water resources/waste recycling/low-carbon manufacturing/low-carbon products are set in response to the climate change risks.	Climate Adaptation and Mitigation IV. Metrics and Targets	75

Table of Quantified Key Performance Indicator For Sustainable Development (the Most Recent 4 Years: 2019–2022)

Economic Performance							
Item	2019	2020	2021	2022	Note	GRI Disclosure	Chapter
Economical Value							
Consolidated revenue (100 million)	1,698	1,917	2,260	2,398	NTD-denominated	201-1	Financial Performance
Net income attributed to the owners of the parent (100 million)	62	50	83	83			
Patents							
Total received patents	1,121	1,134	1,174	1,199		N/A	Innovation
Design Excellence Awards							
Number of received awards	1	1	1	3	The awards include: iF, Red Dot, iF China, G-Mark, Bio, Golden Pin, etc.	N/A	Introduction to Qisda

Environmental Performance							
Item	2019	2020	2021	2022	Note	GRI Disclosure	Chapter
Total Raw Material Consumption							
Tin (solder paste, bars, wire) (tonnes)	223	220	237	192	Statistical data includes the Vietnam Plant (QVH) starting from 2021	301-1	N/A
Flux (tonnes)	181	182	273	127			
Hardware (10,000 tonnes)	1.08	1.2	1.2	1.01			
Primary Energy Consumption							
Natural gas (1,000 cubic meter)	599.3	623.7	637.2	339.2	Statistical data includes the Vietnam Plant (QVH) starting from 2021	302-1	Energy Consumption and Saving
Gasoline (tonnes)	19.7	22	13.9	99.9			
Diesel fuel (tonnes)	12.8	9.5	10.8	14.7			

Environmental Performance

Item	2019	2020	2021	2022	Note	GRI Disclosure	Chapter
Total Indirect Energy Consumption							
Purchased electricity (10,000 MWh)	12.17	12.19	12.79	11.78	Statistical data includes the Vietnam Plant (QVH) starting from 2021	302-2	Energy Consumption and Saving
Total Water Consumption							
Taiwan (million liters)	72.85	87.13	82.99	79.94	Statistical data includes the Vietnam Plant (QVH) starting from 2021	303-3 (2018)	Making Good Use of Water Resources
Suzhou, China (million liter)	423.224	542.953	411.23	337.27			
Vietnam Plant (million liter)	–	–	23.34	24.06			
Global water consumption (million liters)	496	630	517	441			
Total GHG Emission							
Direct GHG Emissions(million tCO2e)	0.24	0.22	0.22	0.48	1. The organization's GHG emissions in each year have been verified by a third party by the standard for GHG inventory (ISO 14064-1:2018) 2. Statistical data includes the Vietnam Plant (QVH) starting from 2021	305-2	Energy Consumption and Saving
Indirect GHG emissions from energy consumption (million tCO2e)	9.51	9.34	10.4	6.89			
Transportation indirect GHG emissions (tCO2e)	145	46	76	1,802.86	2019/2020: Business travels were counted. 2021: Business travels and employee commutes were counted. 2022: Business travels, employee commutes, energy- related upstream activities, and waste disposal at the manufacturing stage were counted.	305-3	Energy Consumption and Saving
Environmental Protection Management Performance							
GHG emissions for each million USD value (tCO2e)	22.61	23.06	21.91	16.50	Reduced 25% compared to that of 2021	N/A	Energy Consumption and Saving
Electricity consumption for each million USD value (kWh)	26,530	29,338	26,284	29,436	Reduced 7% compared to that of 2021	305-4	
Global GHG emissions per personal hourly electricity consumption (kilogram of CO2e)	2.4	2.3	2.5	1.92	Reduced 23% compared to that of 2021	305-4	

Environmental Performance

Item	2019	2020	2021	2022	Note	GRI Disclosure	Chapter
Environmental Protection Management Performance							
Water consumption for each million USD value (metric tons)	113	135	106	105.6	Reduced 0.7% compared to that of 2021	303-3 (2018)	Making Good Use of Water Resources
Recyclable waste proportion (%)	93	91	91	91	Remained the same with that of 2021	306-2	Waste Cycle
Global sewage emission (million liters)	344	396	414	353	Statistical data includes the Vietnam Plant (QVH) starting from 2021	303-2 (2018)	Making Good Use of Water Resources
Waste Management							
Total recyclable waste in Taiwan (metric tons)	564	624	689	704	Statistical data in 2021 includes the Vietnam Plant (QVH)	306-2	Waste Cycle
Total recyclable waste in Suzhou, China (metric tons)	28,310	31,896	36,897	30,446			
Total recyclable waste in Vietnam (metric tons)	–	–	481	1,056			
Total recyclable waste globally (metric tons)	28,874	32,520	38,067	32,206			
Total burned non-recyclable wastes in Taiwan (metric tons)	81	73	73	70			
Total burned non-recyclable waste in Suzhou, China (metric tons)	2,196	2,800	2,894	2,508			
Total burned non-recyclable waste in Vietnam (metric tons)	–	–	36	71			
Total burned non-recyclable waste globally (metric tons)	2,277	2,873	3,003	2,649			
Total hazardous waste (metric tons)	NA	479	627	877	Referring to SASB Disclosure data in 2022		
Released Chemicals and Other Substances							
Total number and volume of released chemicals and other substances	0	0	0	0		306-3	Occupational Safety and Health

Environmental Performance

Item	2019	2020	2021	2022	Note	GRI Disclosure	Chapter
Violations of Environmental Regulations							
Number of non-compliance with environmental laws and regulations and total monetary value of fines	0	0	0	0		307-1	Environmental Policy and Management
Environmental Investment							
Total amount of investment/expense in environmental protection (US$10,000)	123	191	698	314		N/A	N/A

Social Aspect

Item	2019	2020	2021	2022	Note	GRI Disclosure	Chapter
Number of Employees							
Taiwan	1,711	1,722	1,729	1,651	Statistical data includes the Vietnam Plant (QVH) starting from 2021	401-1	Diversity and Inclusion
Suzhou, China	7,985	8,546	5,388	4,761			
Vietnam	–	–	399	512			
Service center (Singapore, Japan and the US)	–	–	28	26			
	9,724	10,298	7,544	6,950			
Occupational Safety and Health Management Performance							
Number of occupational accidents	4	4	4	4	1. Calculated according to GRI Standards formula 2. Statistical data includes the Vietnam Plant (QVH) starting from 2021	403-2	Health and Safety at Work
Injury rate (IR)	0.034	0.046	0.06	0.111			
Lost day rate (LDR)	1.2	0.6	1.6	1.4			
Occupational diseases rate (ODR)	0	0	0	0			

Social Aspect							
Item	2019	2020	2021	2022	Note	GRI Disclosure	Chapter
Occupational Safety and Health Management Performance							
Absence rate (AR)	13.79	6.9	17.6	6.27	1. Calculated according to GRI Standards formula 2. Statistical data includes the Vietnam Plant (QVH) starting from 2021	403-2	Health and Safety at Work
Number of work stoppages (times)	0	0	0	0			
Employee absence rate (%)	0.3	0.3	0.3	1			
Average Employee Training Hours (Hours per Person)							
Direct labor (DL, Global)	113.52	102.00	28.4	26.6	Statistical data in 2021 includes the Vietnam Plant (QVH)	404-1	Diverse Career Development
Indirect labor (IDL, Global)	28.28	20.89	20.2	44.1			
Human Rights Management							
Incidents of discrimination	0	0	0	0		406-1	Protection of Human Rights
Human rights complaints	0	0	0	0		103-2	
Employees' participation rate in labor unions (%)	1.68	3.69	7.54	10.15	There is no relevant labor union in Taiwan. Hence, this data consists of the statistics from mainland China and Vietnam.		Internal Communication Channel
Employee Code of Conduct Training Percentage							
Taiwan (%)	DL:100 IDL:100	DL:100 IDL:100	DL:100 IDL:100	DL:100 IDL:100	1. DL: Direct labor 2. IDL: Indirect labor	205-2	Protection of Human Rights
Suzhou, China (%)	DL:100 IDL:100	DL:100 IDL:100	DL:100 IDL:100	DL:100 IDL:100			
Vietnam (%)			DL:100 IDL:100	DL:100 IDL:100			
Political Contributions							
Sum of political contribution	0	0	0	0		415-1	GRI Standards Index
Violations of Social Relevant Regulations							
Number of social relevant regulation violations and fines	0	0	0	0		419-1	Legal compliance

Social Aspect

Item	2019	2020	2021	2022	Note	GRI Disclosure	Chapter
Customer Satisfaction Survey Results (Points)							
Medical image	94.2	92.1	94	98	Since 2018, displays were incorporated in the professional displays (SD) investigation result, the mobile products (MPBU) and industrial automation products (IA) were incorporated in the manufacture and service; the digital fashion center (Lighting) category was added in 2019.	N/A	Customer Satisfaction Survey
Precision optics	92.8	95.3	93	94			
Display	96.8	96.8	97	96			
Manufacturing services	93.7	93.5	95	93			
Digital fashion design center	97.5	95	95	95			
Violations of Marketing Regulations							
Incidents of non-compliance with regulations concerning marketing communications	0	0	0	0		417-3	Introduction to Qisda
Customer Privacy							
Customer privacy violation complaints	0	0	0	0		418-1	Customer privacy protection
Supply Chain Inspection							
Inspection and audit of social responsibility, environmental health and safety of key suppliers (number of key suppliers)	15	21	24	37	1. We changed the inspection methods in 2016. We act concerning the Responsible Business Alliance Code of Conduct (RBA) and mainly perform on-site audits. The total number of inspected companies between 2009 and 2015 was 614. 2. All human resources agencies and in-plant service providers have been included since 2019.	302-2 414-2	Sustainable Supply Chain Management
Completion rate of written inspection and audit of key suppliers	73%	73.6%	96%	97%		302-2 414-2	Sustainable Supply Chain Management

Assessment of the Current Status of Qisda's Compliance with the "Sustainable Development Action Plans for TWSE/TPEx Listed Companies" (2023) of the Financial Supervisory Commission (FSC)

Preface   Creativity   Transformation   Productivity   Leadership   **Sustainability**

Assessment of the Current Status of Qisda's Compliance with the "Sustainable Development Action Plans for TWSE/TPEx Listed Companies" (2023) of the Financial Supervisory Commission (FSC)

I. Leading Companies to Reach Net Zero:		
Promotion Measures by FSC	**Plan & Promotion Schedule**	**Qisda's Promotion Status**
1. Promoting the establishment of carbon reduction goals, strategies and specific action plans by TWSE/TPEx listed companies	This will be implemented in stages based on the capital scale starting from 2026. Companies shall disclose the established carbon reduction goals, strategies and specific action plans for the next year (with the inventory year as the baseline year) in the subsequent year after disclosing the inventory information in the consolidated financial statement.	The Company has set up annual carbon reduction goals in the report released in 2023. Please refer to the following for our methods of setting carbon reduction goals: 1. Commitment to absolute reduction as per SBT 2. Commitment to RE 100 Establishment of renewable energy consumption (1) RE 40 by 2025 (2) RE 60 by 2030 (3) RE 100 by 2040
2. Assisting in the establishment of the carbon credit system for GHG emissions	In addition to encouraging companies to support net zero transformation, we also supervise Taiwan Stock Exchange over its assistance in the establishment of transaction platforms by the Environmental Protection Administration in accordance with the Administration's plan.	The Company has joined RE100 as well as SBT with commitment since December 20, 2022.
3. Encouraging enterprises to disclose the information of Scope 3 GHG emissions	In 2023, the FSC will establish recommended matters for disclosure with reference to international specifications and the characteristics of domestic industries. Disseminations will be made in subsequent years, and the possibility of mandatory disclosures will continue to be put in discussion.	The Sustainability Report disclosed 5 pieces of Scope 3 information.

Assessment of the Current Status of Qisda's Compliance with the "Sustainable Development Action Plans for TWSE/TPEx Listed Companies" (2023) of the Financial Supervisory Commission (FSC)

● Preface ● Creativity ● Transformation ● Productivity ● Leadership **Sustainability**

II. Enhancement of the Culture of Sustainable Corporate Governance

Promotion Measures by FSC	Plan & Promotion Schedule	Qisda's Promotion Status
1. Increasing the proportion of female directors in TWSE/TPEx listed companies	Considering that the promotion of female directors has become an international trend, the FSC will promote the delegation of at least one female director in every IPO company starting from 2023 to improve the diversity of directors. Since 2024, TWSE/TPEx listed companies shall complete the delegation of at least one female director pursuant to the director's term.	Before the release of the report in June 2023: Presently no female director. The expected future after the re-election of directors in Q3 2023: There will be two female directors in 2024 to reach the status of gender diversity in terms of corporate governance.
2. Promoting the adoption of the candidate nomination system for the companies in the emerging stock market	To implement shareholder activism, the FSC will require the companies in the emerging stock market to adopt the candidate nomination system for the election of directors since 2025.	N/A
3. Promoting remuneration rationalization	A rational performance evaluation and remuneration system will be helpful to the implementation of sustainable development. Hence, the corporate governance evaluation indicators will be included in 2023 to encourage high-level remunerations and connection of ESG performance. In addition, the possibility of reporting the director's remuneration at the shareholders' meeting shall be elaborated.	The Company has formally connected the remuneration for high-level managerial officers with ESG goals in 2023.
4. Promoting the establishment of sustainability committees (or appointment of Chief Sustainability Officers) by TWSE/TPEx listed companies	In order to establish the culture and value of corporate sustainability, the FSC will set up an example of Articles of Incorporation for Sustainable Development Committee for reference in 2023. Then, we will invite enterprises to share their experiences, and the possibility of mandatory establishment will continue to be put in discussion.	The Company has appointed a Chief Sustainability Officer since 2020: The Vice President, Mr. Wang-Hsi Lin, has been appointed Chief Sustainability Officer.

N/A: Meaning "not applicable" or that the FSC has not provide a complete standard, leaving Qisda unable to identify the degree of conformity.

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III. Further Improvement of Sustainability Information Disclosure

Promotion Measures by FSC		Plan & Promotion Schedule	Qisda's Promotion Status
1. Expanding the scope of sustainability information disclosure	(1) Further improving the specifications for information disclosure in the annual report	The FSC will review and revise the principle for the annual report in 2023 with reference to international principles. This is to further improve the specifications for sustainability information disclosure.	The Company has adopted the GRI Standards for the sustainability report to comprehensively disclose the sustainability information.
	(2) Promoting the preparation of sustainability reports by TWSE/TPEx listed companies which paid-in capital is less than NT$2 billion		N/A; the Company's paid-in capital is NT$19.7 billion.
	(3) Referring to SASB principles when expanding the scope of TWSE/TPEx listed companies covered in the sustainability disclosure indicators		Disclosure of information regarding SASB has been included in the sustainability report.
2. Improving the quality of sustainability information	(1) Discussing the expansion of the validation scope of the sustainability report	In order to improve the quality of disclosure in the sustainability report, the FSC will discuss the feasibility of validating the sustainability indicators in 2024.	The AA1000 Standard is adopted for the validation of the report.
	(2) Improving the quality of disclosure in the sustainability report	Taiwan Stock Exchange and Taipei Exchange will perform spot checks on sustainability reports of TWSE/TPEx listed companies starting from 2023, and provide suggestions on matters to be improved in order to improve the quality of disclosure in sustainability reports.	N/A
	(3) Enhancing the management of the validation agency for the sustainability report	Starting from 2024, Taiwan Stock Exchange and Taipei Exchange will randomly inspect the working paper for validation and view the validation procedure to see if it complies to the specifications, further enhancing the management of the validating personnel.	N/A
3. Elaborating the promotion of the ISSB Sustainability Disclosure Standards		Aiming to meet international sustainability disclosure principles, the FSC will elaborate and revise the specifications related to the internal control of sustainability information in 2023. Furthermore, we will establish a Sustainability Principle Committee under the organizational structure of the Accounting Research and Development Foundation. After the principles of sustainability are officially promulgated, promotional plans shall be further elaborated.	Relevant information is disclosed in the report with reference to the ISSB Sustainability Disclosure Standards.

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● Preface ● Creativity ● Transformation ● Productivity ● Leadership **Sustainability**

IV.Improvement of Communication with Stakeholders		
Promotion Measures by FSC	**Plan & Promotion Schedule**	**Qisda's Promotion Status**
1. Uploading information of the handbook for the shareholders' meeting and the annual report	Based on the capital scale, the FSC will promote in stages that TWSE/TPEx listed companies uploading the handbook and the annual report 30 days and 14 days before the shareholders' meeting respectively, starting from 2024. The goal is to make it easier for investors to learn about the information of proposals at the shareholders' meeting as soon as possible.	This has already been taken into consideration.
2. Further improving the investor relations platform	To consistently enhance the influence of institutional investors as well as the quality of information disclosure regarding governance stewardship, Taiwan Depository & Clearing Corporation and Taiwan Stock Exchange will establish a digital platform for governance stewardship reports and conduct a trial run in 2024.	N/A
3. Providing institutional investors with guidance for joint engagement	Stakeholders play an important role in the promotion of corporate sustainable development. Thus, the FSC will collect international practical methods for joint engagement, and then revise the governance stewardship principles for institutional investors in 2024.	N/A

V.Promotion of ESG Evaluation and Digitalization		
Promotion Measures by FSC	**Plan & Promotion Schedule**	**Qisda's Promotion Status**
1. Establishing a digital platform for sustainability reports	Taiwan Stock Exchange will establish a digital platform for sustainability reports and conduct a trial run in 2024 to assist TWSE/TPEx listed companies in disclosing ESG relevant information more efficiently and in a unified format.	N/A
2. Further improving the ESG database	Taiwan Stock Exchange will establish an ESG information platform and put it into operation in 2023 to provide one-stop services regarding ESG information. In addition, the format for information filing will continue to be elaborated in order to lessen the companies' burden of filing.	N/A
3. Discussing the establishment of ESG evaluation	The FSC will promote the ESG evaluation to create the culture and value of market sustainability. It is expected that the indicators will be fully designed in 2023, and trial evaluation will be performed in 2024. The ESG evaluation shall be implemented according to the result of the trial.	N/A
4. Compiling ESG relevant indices	In order to diversify ESG relevant commodities, Taiwan Stock Exchange will continue to elaborate, compile and then release ESG relevant indices, such as the carbon efficiency index and human capital relevant index, to guide the investment of funds in the market in sustainable development.	N/A

| N/A: Meaning "not applicable" or that the FSC has not provide a complete standard, leaving Qisda unable to identify the degree of conformity.

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classification	Company Name	2022Y SCOPE 1 (Tons-CO2e)	2022Y SCOPE 2 (Tons-CO2e)	2022Y Greenhouse Gas Inventory Verification Whether or not	Completion of the verification process (Y/M) / Estimated time for completion of verification (Y/M)
Hit the market	Alpha Networks Inc	91.38	4,471.90	Y	2023-March
Hit the market	DFI Inc	164.8466	3321.9431	Y	2023-February
Hit the market	BenQ Materials Corp	17782.931	28464.409	Y	2023-February
Hit the market	Hitron Technologies Inc	75.6598	667.5637	Y	2023-October
Hit the market	Metaage Corporation	45.2803	1420.5779	Y	2023-June
Hit the market	ACE PILLAR CO., LTD	255.8510	139.9646	N	Estimate:2026 December
Stock Exchange	AEWIN Technologies Co., Ltd	16.625	429.4102	N	Estimate:2027 December
Stock Exchange	SIMULA TECHNOLOGY INC	1.9091	141.694	N	Estimate:2027 December
Stock Exchange	DIVA LABORATORIES, LTD	0	227.309	N	Estimate:2027-November
Stock Exchange	Interactive Digital Technologies Inc	195.6152	580.9358	Y	2023-May
Stock Exchange	BenQ Medical Technology Corporation	71.3198	779.0413	N	Estimate:2027-December
Emerging	DATA IMAGE CORPORATION	39.9545	294.8347	N	Estimate:2027-December
Emerging	CONCORD MEDICAL CO., LTD	13.2264	11.6278	N	Estimate:2027-December
Emerging	Partner Tech Corp	22.6246	175.8753	N	Estimate:2027-December

Introduction Video of Qisda's Alliance

Qisda

Corporate image

1. Qisda's smart technology and products: https://youtu.be/I9LIzIK4LpA
2. AI application service improvement solutions for chain stores: https://youtu.be/vkpiZ4IhvFg
3. Winning 14 awards from the Taiwan Corporate Sustainability Awards: https://youtu.be/FslcrEXn4hA

Development toward sustainability

1. Sustainability results: https://youtu.be/jn28zK8x-5w
2. Joining RE100:https://youtu.be/TIE38Ab7doE
3. Reducing carbon emissions in the supply chain by 20%: https://youtu.be/RJmoUfYX-Ro

Smart campus collaboration

Qisda x National Cheng Kung University
Smart campus collaboration–Jamboard https://youtu.be/r5YB6_boExI
Video of the donation ceremony: https://youtu.be/W7ZPFSGkbhY
Smart college town: https://youtu.be/dITgyUsD6vw

Exhibition of smart medical technology

Deployment in 4 major fields: https://youtu.be/65HgguTvTVU

Happy workplace

1. Space renaissance –Bringing Enjoyment N Quality to Life: https://youtu.be/vVUiQ3nIr2U
2. 2023 BenQ & Qisda Group Spring Party: https://youtu.be/PyfXffFgKOU

Subsidiary

BenQ

Corporate image

1. Introduction to the strength of the BenQ-AUO Group: https://youtu.be/BUiiEHSgZP4
2.Channel: https://www.youtube.com/@BenQTaiwan/playlists

BenQ education and business solutions

1. BenQ education and business solutions：
https://www.youtube.com/@BenQTaiwanBusiness/playlists

BenQ ESCO

COMPUTEX（2019）

1. BenQ Intelligent Qube: https://youtu.be/FPQ6ZUInRmA
2. Smart factory exhibition: https://youtu.be/tEb_S_bTIk8
3 .Smart situation room: https://youtu.be/hrvRXl5YqD4
4. Smart dining area: https://youtu.be/SDvmgQJmtLc
5. Smart retail area: https://youtu.be/1Qm_YGV9FC0

Smart energy

1. For energy storage: https://youtu.be/9S8PZPdxw2k
2. For energy saving: https://youtu.be/HOlgSf14z7M

Smart campus collaboration

1. Industrial partners for digital learning
Department of Education, Hualien County Government: https://youtu.be/4Ror1xyGfuU

BenQ Guru

Corporate transformation

1. Business process management (BPM):https://youtu.be/KmIcFuU4IF8
2. Guru's human capital management (HCM) system: https://youtu.be/LkIwhGbQ_lk

DOC BenQ

Social inclusion activities

1. Slow Shakeng Hongbao Workshop: https://youtu.be/fhW7QJfIg6Y
2. Miaoli Coastal Environmental Volunteering i: https://youtu.be/5-YEE9MArjk

Human Rights Risk Identification by Qisda 2022

❙ Process of human rights due diligence

Establish (amend) the human rights policy

Identify the stakeholders and the potential human rights issues

Identify the material human rights issues

Devise improvement plans

Monitor and follow up the effectiveness of improvements

Item	Percentage	Topic	Percentage
Labor	40.8%	Freely chosen employment	2.0%
		Avoidance of child labor	0%
		Working hours	38.8%
		Wages and benefits	0%
		Humane treatment	0%
		Non-discrimination	0%
		Freedom of association	0%
Safety at work	34.7%	Safety at work	8.2%
		Emergency preparedness	12.2%
		Occupational injury and illness	4.1%
		Industrial hygiene	2.0%
		Physically demanding work	0%
		Public sanitation, food, and housing	2.0%
		Health and safety communication	6.1%
Environment	24.5%		
Ethics			
Management system			

By analyzing reports of the completed RBA audit (Validated Audit Process) and SA8000 audit between 2020 and 2022, Qisda identified the impact of potential human rights topics and its frequency, and further pointed out material topics of human rights risks in 2022. The RBA audit covered five major categories: labor, occupational safety, environment, ethics, and management system.

I. RBA Assessment Results

From 2020 to 2022, a total of 15 RBA external audits were conducted by Qisda's factories. A total of 49 items (4%) were listed as risk items according to the audit results. AboutWith regard to categories, "labor" and "occupational safety," which were ranked top 2 in terms of proportion, accounted for 40.8% and 34.7% respectively while the other items had 24.5% in total. For the category "labor," "working hours" topped the list of risks (working over 36 hours of overtime per month and overtime control systems). For "occupational safety," the two items "safety at work" and "emergency preparedness" had a relatively higher risk. Other topics relevant to human rights of workers such as avoiding child labor, wages and benefits, humane treatment, non-discrimination, and freedom of association were pursuant to the RBA requirements.

II. Material Topics of Human Rights Risks in Each Factory

The risk indicators for each factory is defined in accordance with the number of deficiencies with respect to material human rights topics identified in RBA and SA8000 external audits.

Material Topics	QTY	QCS	QVH
Working Hours	Low risk	High risk	Low risk
Emergency Preparedness	Low risk	Moderate risk	Moderate risk
Safety at Work	Low risk	Low risk	Low risk

High risk	Deficiencies of material topics / audits of the factory ≧ 50%
Moderate risk	50% ≧ Deficiencies of material topics / audits of the factory ≧ 30%
Low risk	Deficiencies of material topics / audits of the factory < 30%

III. Table of Material Human Rights Risks and Mitigation and Remedial Measures

Topic	Facility	Annual Mitigation and Remedial Measures	Audit
Working Hours	QCS	**Risk:** July 2020: Employees in an operating facility worked over 36 hours of overtime per month due to order requirements. **Action plan:** 1. The production arranging personnel shall make arrangements in line with the principle of "working 6 days and getting 1 day off per week" when making production plans. 2. A rotating system shall be adopted for personnel in key positions. Additional employees are required in order to allow the personnel to take more days off. 3. HR shall make proper plans for manpower reserveaccording to the factory's demand for manpower.	Completed in the year.
		Risk: July 2020: Employees in an operating facility worked over 36 hours of overtime per month due to order requirements. **Action plan:** 1. The production arranging personnel shall make arrangements in line with the principle of "working 6 days and getting 1 day off per week" when making production plans. 2. A rotating system shall be adopted for personnel in key positions. Additional employees are required in order to allow the personnel to take more days off. 3. HR shall make proper plans for manpower reserveaccording to the factory's demand for manpower.	Completed in the year.

Topic	Facility	Annual Mitigation and Remedial Measures	Audit
Working Hours	QCS	**Risk:** July 2022: Employees in an operating facility worked over 36 hours of overtime per month due to order requirements. **Action plan:** **I. Capacity planning** 1. Corresponding capacity planning shall be properly implemented; equipment and manpower planning shall also be appropriately performed for high-end machines. 2. Taking the time spent on abnormal situations into consideration while arranging the production to ensure the implementation of "working 6 days and getting 1 day off per week." 3. The rotating system shall be introduced. **II. Personnel planning** 1. With "week" as a unit, HR shall reserve human resources in advance based on the factory's production forecast. 2. At special times, employee retention and referral bonuses may be increased to ensure the stability of personnel. 3. Personnel planning shall be properly conducted while automated equipment is introduced to reduce dependence on employees. **III. Establishment of a working hour management system by Qisda** 1. Warning lines shall be set and the supervisor shall view the status of working hours every week. 2. The supervisor shall make adjustments timely depending on the situation and according to the warning data.	Completed in the year.
Emergency Preparedness	QCS	**Risk:** June 2020: In an operating facility, the fire drill schedule was only planned for day shift employees while night shift employees were excluded. **Action plan:** In 2020, fire drills were scheduled to be conducted two times (including night shift employees) and then implemented as planned.	Completed in the year.

Topic	Facility	Annual Mitigation and Remedial Measures	Audit
Emergency Preparedness	QCS	**Risk:** June 2022: The emergency exit in an operating facility was not well-maintained and clearly marked. **Action plan:** 1. Adjust the direction of the emergency exit door and make it swing out in the direction of theescape route. 2. Fire safety signs shall meet the establishment requirements. The "emergency exit sign" and the "directional exit travel sign" shall be set together at a place far away from the emergency exit with the arrows pointing in its direction. 3. Periodical inspection and repair shall be organized for firefighting facilities, equipment, and safety signs to ensure that they are in good condition and effective.	Completed in the year.
		Risk: June 2022: The emergency evacuation plan was not pasted in an operating facility. **Action plan:** 1. Pasting the safety evacuation diagram at the exit door in the workshop. 2. Periodical inspection and repair shall be organized for firefighting facilities, equipment, and safety signs to ensure that they are in good condition and effective.	Completed in the year.
		Risk: July 2022: In an operating facility, the emergency exit did not glow, or there was no apparent sign pointing to the exit. **Action plan:** 1. The exit sign shall be repaired; every exit sign is checked and confirmed to be operating normally. 2. Adding visible signs/markings on the exit route so that all employees are able to clearly identify it.	Completed in the year.
		Risk: July 2022: The emergency response plan was not pasted in the restaurant of an operating facility. **Action plan:** 1. Pasting the safety evacuation diagram at the exit door of the restaurant. 2. Periodical inspection and repair shall be organized for firefighting facilities, equipment ,and safety signs to ensure that they are in good condition and effective.	Completed in the year.

Topic	Facility	Annual Mitigation and Remedial Measures	Audit
Emergency Preparedness	QVH	**Risk:** December 2022: The emergency exit was not established in compliance with laws and regulations. **Action plan:** 1. Making a new plan for the emergency exit for employees. 2.Training the employees.	A new plan for the emergency exit for employees was made and ground signs were pasted in the year.
Safety at Work	QCS	**Risk:** May 2022: An operating facility needed to improve the completeness of the risk assessment in relation to pregnant or breastfeeding women (including the stages before, during and after pregnancy). (The risk assessment of female workers who were in the period during pregnancy, lying-in and breastfeeding was actually conducted. However, the risk assessment form was not complete enough.) **Action plan:** 1. Establishing a new risk assessment form to show the status of the female worker in different stages. 2. Performing assessment for all female workers as per the new risk assessment form, and then adopting appropriate preventive countermeasures.	Completed in the year.
		Risk: July 2022: An operating facility needed to improve the completeness of the risk assessment in relation to pregnant or breastfeeding women (including the stages before, during and after pregnancy). **Action plan:** 1. Establishing a new risk assessment form to show the status of the female worker in different stages. 2. Performing assessment for all female workers as per the new risk assessment form, and then adopting appropriate preventive countermeasures.	Completed in the year.
	QVH	**Risk:** January 2021: As new factories were still in construction, the factories in use were rented during the audit. Thus, there was no established breastfeeding room for female employees. **Action plan:** 1. Planning and establishing plans for breastfeeding rooms in new factories. 2. Item reporting and implementation.	Completed in the year. The breastfeeding room was built and reviewed for use in August 2021.

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	Material Topics	Corresponding Chapter in the 2022 Report	Page	Remarks
Organizational Governance	Execution Goals Current Decision-Making and Implementation System	Corporation Governance and Operation	149	
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	Human rights risk situations	Human Rights Risk Assessment Human Rights Management	113 115	
	Avoidance of complicity	QISDA Human Rights Policy	112	
	Resolving grievances	internal communicate channel	116	
	Discrimination and vulnerable groups	QISDA Human Rights Policy	112	
	Civil and political rights	QISDA Human Rights Policy	112	
	Economic, social and cultural rights	QISDA Human Rights Policy	112	
	Basic rights at work	QISDA Human Rights Policy	112	
Labor Practices	Employment and employment relationships	Recruitment Diversity and Inclusion	95 96	
	Conditions of work and social protection	Retention Diversity and Inclusion	95 96	
	Social dialogue	Employee Payment and Pension	97, 103	

	Material Topics	Corresponding Chapter in the 2022 Report	Page	Remarks
Labor Practices	Health and safety at work	Employee Payment and Pension Health and Safety at work	97, 103 117	
	Human development and training in the workplace	Diverse career development	108	
Environment	Prevention of pollution	waste cycle Reuse Water Resources Pollutants	91 88 92	
	Sustainable resource use	Reuse Water Resources Energy Use and Conservation	88 85	
	Climate change mitigation and adaptation	Climate change mitigation	72	
	Protection of the environment, biodiversity and restoration of natural habitats	Reuse Water Resources Biodiversity and Forest Conservation	88 93	
Fair operating practices	Anti-corruption	Internal Audit Mechanism	168	
	Responsible political involvement	N/A		
	Fair competition	legal compliance	155	
	Promoting social responsibility in the value chain	Supply chain sustainability management	57	
	Respect for property rights	legal compliance	155	

	Material Topics	Corresponding Chapter in the 2022 Report	Page	Remarks
Consumer Topic	Community involvement	legal compliance Information Security	155 155, 156	
	Protecting consumers' health and safety	Green Product	43	
	Sustainable consumption	Green Product	43	
	Consumer service, support, and complaint and dispute resolution	Customer Promise	68	
	Consumer data protection and privacy	Customer Privacy Protection	69	
	Access to essential services	Customer Promise	68	
	Education and culture	Green Talent Cultivation	48	
Community Involvement and Development	Community involvement	goodwill earth	130, 131	
	Education and culture	Cultivate smart and honest people Enhance original cultural value	138 141	
	Employment creation and skills development	Reduce the digital gap	135	
	Technology development	Reduce the digital gap	135	
	Wealth and income creation	Reduce the digital gap	135	
	Health	Reduce the digital gap Public welfare blueprint	135 127	
	Social investment	Public welfare blueprint	127	

SDGs Index

No.	Theme	SDG Targets	SDG Compass Guidance	Corresponding Chapter	Page	Remarks
1	No Poverty	Ensure that everyone has equal rights and access to economic resources, basic services, property, natural resources, new technologies, and financial services.	Partner with civil society networks to provide education and entrepreneurial skills training	Reduction of the Digital Gap	135	
2	Zero Hunger	Double rural productivity and increase the income of small-scale food producers.	Supporting,encouraging and demonstrating the continued viability of small-scale farming bydeveloping partnerships with small farmers.	Reduction of the Digital Gap	135	
3	Good Health an Well-being	Ensure a healthy lifestyle and promote well-being for people of all ages.	Make investments in health a priority in business operations	Reduction of the Digital Gap Public welfare blueprint Employee Health Management	135 127 117	
4	Quality	Ensure inclusive and equitable quality education, providing lifelong learning opportunities for all.	Provide employees with continuous opportunities to improve their (job) skills	Enhance original cultural value	141	
		Ensure that students learn about sustainable development-related knowledge and skills, including sustainable lifestyles, gender equality, peace and non-violence, global citizenship, and appreciation of cultural diversity.	Develop cost-effective education products and services that eliminate barriers to access and improve the quality of learning.	Cultivate smart and honest people Diverse career development	138 108	
5	Education	Achieve gender equality and empower women and girls.	Pay equal remuneration, including benefits, for work of equal value and strive to pay a living wage to all women and men, and establish a zero-tolerance policy towards all forms of violence at work	Diversity and Inclusion	96	
6	Gender Equality	Significantly increase the rate of wastewater treatment, industrial water recycling, and efficiency of water utilization.	Reduce the likelihood of surface water contamination by treating and processing all waste with exceptional precaution	Reuse Water Resources	88	
		Provide water and environmental sanitation for all and engage in sustainable management of water resources	Ensure that all employees and their families have ample access to safe drinking water and adequate sanitation.	waste cycle	91	

No.	Theme	SDG Targets	SDG Compass Guidance	Corresponding Chapter	Page	Remarks
7	Affordable and Clean Energy	Ensure affordable and reliable access to sustainable modern energy for all.	Commit to sourcing 100% of operational electricity needs fromrenewable sources.	Energy Use and Conservation	85	Our company has joined the RE100 initiative, committing to achieve 100% renewable energy usage by the year 2040.
			Prioritize energy efficiency across operations through tools such as the use of an internal carbon price and science-based target setting	us and sustainable development	18	
			Invest in R&D related to sustainable energy services.	us and sustainable development	18	
8	Decent Work and Economic Growth	Promote sustained, inclusive, and sustainable economic growth, providing full and productive employment, and ensuring decent work for all.	Increase profitability with diversification, technology enhancement and innovation. (No corresponding SDG Target and SDG compass guideline)	Retention sustainable supply chain	95 57	
			Eliminate discrimination and pay equal wage for equal work to all women and men. (No corresponding SDG Target and SDG compass guideline)	Human Capital Management human rights management	106 115	
			Put in place mechanisms to identify child labor and forced labor throughout global supply chains	Supply Chain Sustainability Management human rights management	57 115	
			Ensure employees' occupational health and safety. (No corresponding SDG Target and SDG compass guideline)	occupational safety and health	121	
9	Industry, Innovation and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation to withstand disasters.	Invest in new, resilient infrastructure to make the existing infrastructure more sustainable.	Reduction of the Digital Gap	135	
			Establish standards and promote regulation that ensure company projects and initiatives are sustainably managed.	us and sustainable development	18	
10	Reduced Inequalities	Reduce inequality both domestically and internationally.	Ensure equal opportunities and devote in reducing inequality. (No corresponding SDG Target and SDG compass guideline)	Diversity and Inclusion	96	
			Partner with civil society networks to provide education and entrepreneurial skills training.	Social Care and Influence	127	

No.	Theme	SDG Targets	SDG Compass Guidance	Corresponding Chapter	Page	Remarks
10	Reduced Inequalities	Reduce inequality both domestically and internationally.	Ensure equal opportunities and devote in reducing inequality. (No corresponding SDG Target and SDG compass guideline)	Diversity and Inclusion	96	
			Partner with civil society networks to provide education and entrepreneurial skills training.	Social Care and Influence	127	
11	Sustainable Cities and Communities	Build inclusive, safe, resilient, and sustainable cities and communities.	Reduce environmental impact on cities through management including air quality and waste.	waste cycle	91	
			Enhance adaptability in disasters of the cities and human settlements as well as develop and implement overall management and measures for disasters and risks. (No corresponding SDG Target and SDG compass guideline)	Risk Management	163	
12	Responsible Consumption and Production	Adopt sustainable consumption and production patterns.	Implement product portfolio analysis tools to understand environmental and social footprint of products.	life cycle assessment	54	
			Enable sustainable consumption by developing innovative solutions can reduce energy need in usage	Supply Chain Sustainability Management	57	
			Reduce manufacturing impacts by substituting virgin raw materials in products with post-consumer materials through recycling and upcycling	waste cycle	91	
			Apply modular design, so products' constituent parts will be easily separated.	Green Product	43	
			Significantly reduce waste.	Green Product	43	
			Ensure adoption of sustainable practices and integrate sustainability information into reporting cycles.	Green Product	43	
			Green Procurement	Supply Chain Sustainability Management	57	
			Sustainable education (No corresponding SDG Target and SDG compass guideline)	Social Care and Influence	127	

No.	Theme		SDG Targets	SDG Compass Guidance	Corresponding Chapter	Page	Remarks
13		Climate Action	Take urgent action to combat climate change and its impacts.	Source all electricity the company consumes at its facilities from renewable sources or install renewable energy generation capacity on-site.	Energy Use and Conservation	85	
				Retrofit the lighting systems of the company's facilities to energy efficient LED lighting	Energy Use and Conservation	85	
				Increase investment in innovation to improve the efficiency of the company's product portfolio, thereby enabling customers to reduce their GHG emissions	Climate Change Adaptation and Mitigation / Green product	72 / 43	
				Understand climate risk and build resilience into the company's assets and supply chain.	Climate Change Adaptation and Mitigation	72	
				Improve and increase awareness in the reduction, impact and adaption of climate change. (No corresponding SDG Target and SDG compass guideline)	Green Product	43	
14		Life Below Water	Conserve and sustainably use the oceans, seas, and marine resources.	Improve resource efficiency by altering the design, manufacture, or use of products and packaging to reduce the amount of waste that could potentially enter the environment.	Green Product	43	
				Utilize a value-chain approach to create connections between the design, packaging, marketing and recycling of materials with the goals of reducing their environmental impact at the end of their life cycle.	Green Product	43	

No.	Theme	SDG Targets	SDG Compass Guidance	Corresponding Chapter	Page	Remarks
15	Life on Land	Protect, restore, and promote the sustainable use of terrestrial ecosystems.	Commit to and implement responsible sourcing practices.	Green Product	43	
				Sustainable Supply Chain Management	57	
				Biodiversity and Forest Conservation	93	
16	Peace, Justice and Strong Institutions	Establish peaceful, inclusive societies for sustainable development and create effective, accountable, and inclusive institutions at all levels.	Comply with laws and seek to meet international standards; require and support business partners to do the same.	legal compliance	155	
			Conduct risk and impact assessments to identify and mitigate risks of contributing to corruption, violence and conflict.	code of conduct	153	
17	Partnerships for the Goals	Respect the policy space and leadership of each country to establish and implement policies for poverty eradication and sustainable development.	Provide manpower and resources for developing countries. (No corresponding SDG Target and SDG compass guideline)	Social Care and Influence	127	Currently, Giant World Co. implements community engagement and development programs only at its business locations: 1. Assisting vulnerable groups 2. Promoting education and arts and culture 3. Giving back to the community and neighborhoods 4. Initiating charitable donations and other related activities.

Independent Assurance Statement